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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. 57 HON. PAUL G. BRECKENRIDGE, JR., JUDGE

CHURCH OF SCIENTOLOGY OF )  
CALIFORNIA, )

Plaintiff, )

vs. )

GERALD ARMSTRONG, )

Defendant. )

No. C 420 153

\_\_\_\_\_  
MARY SUE HUBBARD, )

Intervenor. )

REPORTERS' DAILY TRANSCRIPT

Tuesday, May 29, 1984

VOLUME 20

Pages 3390 - 3586, inclusive

APPEARANCES:

(See next page)

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Lyman Spurlock:**

**MR. LARRY HELLER**

2 DAY DATE PAGE

3  
4 Tuesday May 28, 1984 A.M. 3390  
5 P.M. 3494

6 -----  
7 WITNESSES

8 DEFENSE: DIRECT CROSS REDIRECT RECROSS  
9 SULLIVAN, Laurel  
10 (Resumed) 3392 3400-H  
11 (Further) 3412 3419-L  
12 (Further) 3420  
13 SPURLOCK, Lyman 3429 3477-H 3507  
14 DINCALCI, Nancy 3530 3537-L 3563 3567-L  
15 3552-H 3572 3568-H  
16 WALTERS, Edward 3580  
17 -----

18 EXHIBITS

19 PLAINTIFF'S: FOR IDENTIFICATION  
20 84 - Document "Seven Division Org Board" 3482  
21 85 - Document "Church of Scientology  
22 Ecclesiastical Structure" 3486  
23 86 - Document Confidentiality of PC Folder Data 3495  
24 87 - Document "The Bridge" 3495

25 DEFENSE:

26 AAAA - Not described on the record 3393  
27 BBBB - Not described on the record 3393  
28 CCCC - Photograph 3396  
DDDD - 2 documents "Re Biography Contract  
Negotiations" 10-23-80 3416  
EEEE - Not described on the record 3467  
FFFF - Not described on the record 3518

1 LOS ANGELES, CALIFORNIA; TUESDAY, MAY 29, 1984, 9:10 A.M.

2 ---0---

3  
4 THE COURT: All right we are back in session. Counsel  
5 are all present.

6 Are you going to continue with Miss Sullivan's  
7 testimony at this time?

8 MR. FLYNN: I am, Your Honor.

9 Just so the Court and opposing counsel will know,  
10 the approach that we are going to take in light of the Court's  
11 comments on Friday with regard to MCCS is as follows: We  
12 see basically two aspects of the problem; one is the  
13 admissibility of the tapes, and two relates to issues  
14 involving the control mechanisms by Mr. Hubbard and who  
15 Mr. Armstrong worked for.

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1           In light of the Court's current view, what we  
2 are going to do -- and in light of Plaintiff's statement that  
3 they don't intend to seek any damages for the tapes, we are  
4 basically going to take the view that if the Plaintiff and  
5 the Intervenor introduce evidence to rebut the current state  
6 of the record that Mr. Hubbard controlled the organizations  
7 and that there was no corporate integrity to them, then we  
8 see the issue of the admissibility of the tapes as directly  
9 contrary evidence because the tapes say precisely the opposite  
10 of what they would then introduce evidence on to rebut our  
11 case.

12           At that point the issue of the purposes of MCCS  
13 with regard to creating the precise type of evidence that  
14 the Plaintiff would then be seeking to introduce would  
15 indicate to the Court that in effect that was the purpose  
16 of MCCS.

17           So what we are going to do is kind of let the  
18 ball bounce over into the other court.

19           THE COURT: In other words, what you are saying is that  
20 you would like to reserve that for surrebuttal in the event  
21 that Plaintiff puts on something in their rebuttal which  
22 would tend to contradict what the Court perceives as the  
23 state of the record at this time?

24           MR. FLYNN: Correct.

25           THE COURT: That is agreeable with the Court.

26           I guess we are still with Miss Sullivan on the  
27 stand here on redirect.

28           You may retake the stand. State your name again

1 for the record. You are still under oath.

2 THE WITNESS: Laurel Sullivan.

3  
4 LAUREL SULLIVAN,

5 the witness on the stand at the time of adjournment, having  
6 been previously duly sworn, resumed the stand and testified  
7 further as follows:

8 THE COURT: You may continue, Mr. Flynn.

9  
10 REDIRECT EXAMINATION (Resumed)

11 BY MR. FLYNN:

12 Q Miss Sullivan, when we ended on Friday we were  
13 talking about a policy relating to the purported cancellation  
14 of Fair Game; is that correct?

15 A Yes.

16 Q Now, I'm showing you a book that says on it,  
17 "Organization Executive Course HCO Division 1" copyrighted  
18 by L. Ron Hubbard.

19 This is published in 1970.

20 Referring to page 489 of that volume, I direct  
21 your attention to "HCO policy letter 21 October, 1969" which  
22 starts "Cancellation of Fair Game"; do you see that?

23 A Yes.

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1 Q Now, is that the policy letter you were  
2 referring to in your testimony on Friday which purported  
3 to cancel it but per your testimony only cancelled the  
4 practice of putting the Declares on ethics orders?

5 A Yes.

6 Q So, to your knowledge throughout the period  
7 of time that you were involved in the organization, Fair  
8 Game with regard to the treatment or handling of an SP was  
9 never cancelled; is that correct?

10 A That is correct.

11 THE COURT: Did you want this marked as an  
12 exhibit, Counsel?

13 MR. FLYNN: May that be marked, Your Honor?

14 THE COURT: Quadruple A.

15 Q BY MR. FLYNN: Let me show you a magazine --  
16 may this be marked next in order?

17 THE COURT: Four B's.

18 Q BY MR. FLYNN: Entitled "Advance" issue 12,  
19 copyright 1972 by L. Ron Hubbard.

20 A Are you sure it is '72 --

21 Q Now, I direct your attention to page -- the  
22 inside of the back cover starting, "Join Ron's personal  
23 organization"; do you see that?

24 A Yes.

25 Q Did you participate in the preparation of  
26 that promotion?

27 A This particular page?

28 Q Correct.



1           A           I may have, but this magazine came from the  
2 ship, so it was published by the ship. Probably printed  
3 in Los Angeles but prepared at the ship.

4           Q           Well, to your knowledge in 1972 as indicated  
5 in this particular publication, was L. Ron Hubbard promoting  
6 the Sea Organization as his quote, personal organization?

7           A           Yes, and the Church of Scientology of California  
8 is part of the Sea Organization as a Sea Org organization.

9           Q           Now, let me show you a picture -- directing  
10 your attention to that picture, Miss Sullivan; do you  
11 recognize that?

12          A           Yes.

13          Q           And approximately when was that taken?

14          A           I think early '74.

15          Q           And for what purpose was that picture taken?

16          A           It is part of a series. I think it is No. 1  
17 in a series going to staff members. There are other  
18 pictures of LRH briefing staff and him at the Telex machine,  
19 and I think possibly five others in the series, and it was  
20 sent out to organizations for their notice board and  
21 published in the Flag Management Newsletter as a cover  
22 sheet -- as the cover.

23          Q           Was the purpose of that picture and the other  
24 ones that you have just described promotional?

25          A           Yes.

26          Q           And promotional in what way?

27          A           It was to inspire staff that LRH was in  
28 charge and that he was definitely there on the management

1 scene, and there was a five times game at that time to  
2 increase statistics in the organization by five times, to  
3 do that for him.

4 Q Increase the growth income by a factor of  
5 five?

6 MR. HARRIS: Wait a minute. Object to that; leading.

7 THE COURT: All right, I will sustain the objection.  
8 The witness can tell us what five related to, I presume.

9 THE WITNESS: The five times statistics were all of  
10 the international statistics of which the gross income was  
11 a major statistic, and that included delivery statistics  
12 as well as book sale statistics.

13 Q Was that promoted on the basis of doing it  
14 for Ron?

15 A In a sense. The do it for Ron was in a 1971  
16 era, so that slogan had kind of fallen out, but it was a  
17 similar thing. It was five times. It was a game and there  
18 were other posters. We shot one with LRH lighting a rocket  
19 which had a 10 times on it taken on the ship.

20 Q Was that promoted in terms of his birthday?

21 A Yes, it was part of that.

22 Q What was the correlation between promoting  
23 the gross income statistic in relation to Mr. Hubbard's  
24 birthdate?

25 A Birthday gift to him.  
26  
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1 Q And organizations throughout the world tried to  
2 raise their income by a factor of five as a birthday  
3 promotion?

4 A Yes. That was part of it.

5 They have had five times and ten times gains.  
6 And at this particular time it was a "get-on source promotion"  
7 which is do what he says, him being the source.

8 Q Following Mr. Hubbard's directive?

9 A Uh-huh.

10 MR. FLYNN: May this be marked next in order, Your  
11 Honor?

12 THE COURT: Quadruple C.

13 MR. HARRIS: We don't have a copy of it.

14 MR. FLYNN: That is the only one I have got of it, Your  
15 Honor.

16 THE COURT: Is this you?

17 THE WITNESS: That is me.

18 Q BY MR. FLYNN: Now, Mr. Harris had asked you a  
19 question about Mr. Hubbard being a warm, nice human being;  
20 do you recall that?

21 A Yes.

22 Q In 1978-1979 were you with Mr. Hubbard at  
23 La Quinta and Gilman Hot Springs?

24 A Yes.

25 Q And would you describe Mr. Hubbard's activities  
26 at that time in terms of the type of person he displayed  
27 himself as being to the staff.

28 A Well, for the most part we were making films

1 during that period or shooting posters, still photography.  
2 And that was the contact that the staff had with him  
3 personally. His written communications saturated the  
4 organization pretty thoroughly, but not all the staff saw  
5 him.

6 He had what I would call a dual personality  
7 characteristic. In a sense he was warm and friendly and in  
8 a sense he could turn and be erratic, irrational, screaming,  
9 yelling and cause a great deal of upset with the staff.

10 Q Did he curse a great deal at staff members?

11 A Yes.

12 Q And --

13 A As PR, my hands were full.

14 Q What do you mean by that, Miss Sullivan.

15 Q Well, you have a person who is being screamed  
16 at, told he is a jerk; told that he is stupid or told that  
17 he is no good or that he can't do anything. And he is getting  
18 told this in front of 30 other staff members who are going  
19 to, obviously, go into agreement with the person who is  
20 saying that. And you are trying also to get them to be able  
21 to work.

22 As a public relations person, I would always --  
23 my first opportunity of seeing that person alone or being  
24 able to kind of let them know that it wasn't the end of the  
25 world and to carry on with their work or they really weren't  
26 that bad or really in the long run L. Ron Hubbard would cool  
27 off and they would have their little apologies later. It  
28 was something that I did pretty routinely.

3  
1 Q Did he have a phobia with regard to soap in his  
2 clothes?

3 MR. HARRIS: Phobia, Your Honor? I'll object. It is  
4 beyond the --

5 MR. FLYNN: I'll withdraw it.

6 Q Miss Sullivan, you testified that you believed  
7 this conversation you had with Kima Douglas relative to RRF  
8 was in 1972; do you recall that?

9 A Yes.

10 Q That is your best memory as to when the  
11 conversation took place?

12 A Well, how I recall it having to do with the job  
13 that I held, I held that job over '72 and '73.

14 Q So it could have been in the summer of '73?

15 A Yes. It could have been.

16 Q Now, is there any question in your mind but that  
17 you had the conversation or the two conversations?

18 A No, no. It definitely occurred.

19 Q All right. Now, in some instances you have a  
20 very startling memory with regard to precise dates; for  
21 example, when you joined a particular post or undertook  
22 particular posts; why is that?

23 A Because of the issues that would get published  
24 at those times or -- for the most part, when you are carrying  
25 out your duties and there are certain issues that you are  
26 following, when you making proposals, you attach those issues  
27 or letters or statements with their dates to your proposals.  
28 And when you make several proposals on different subjects

1 like I did, you get to know the dates or they get to be very  
2 familiar.

3 In fact, I had files that just kept extra copies  
4 of issues to hand that I could just attach and submit as a  
5 support document to my proposal.

6 Q In other words, over the years the dates of  
7 particular publications would continually arise and you would  
8 associate events with those dates; is that correct?

9 A Sure; like the Founder policy letter 1 September,  
10 '66. You just remember it because you see it again and again  
11 and again. It is something that you do.

12 Like my issue on my posting, I am pretty sure  
13 it is 4 November.

14 I had another promotion on my birthday, 24 July,  
15 1969.

16 Those things do not mean necessarily anything  
17 to somebody else, but I also remember all the bulletins that  
18 came out on that day. It is something that is just unique  
19 to me as far as what I can actually remember.

20 MR. FLYNN: That is all I have, Your Honor.

21 THE COURT: Mr. Litt?

22 MR. LITT: No, Your Honor; Mr. Harris.

23 THE COURT: Mr. Harris?

24 MR. HARRIS: Yes, Your Honor.  
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RE CROSS-EXAMINATION

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BY MR. HARRIS:

Q You testified, Miss Watson, that you had a conversation with Miss Britowich in which she told you that your Fair Game Declare would be lifted or canceled if you testified on behalf of the organization in this case; is that right?

A She said that I should cooperate and work with the organization.

She at that time, I don't think, said "testify" as such, but it is one and the same as far as cooperating.

Q She used the words "Fair Game"?

A Well, at the time there was an international issue out on me, not specifically naming me, but discussing things that I had done. And there was also an international Declare out on me. So there were two issues being discussed.

Q Let me ask you this: Did she use the words "Fair Game Declare," when she talked to you, Miss Sullivan?

A She used "Declare" and my suppressive order.

You see, she is the one that read the order to me on the telephone in the first place. I hadn't actually received a copy until later.

Q You testified on page 3366 last Friday:

"Now, did you have a conversation with Miss Britowich in which she told you" --

A Where are you reading?

Q -- "In which she told you that your

1 Fair Game Declare would be lifted or canceled  
2 if you testified on behalf of the organization  
3 in this case?

4 "A Yes. She said that."

5 That is what you testified to; right?

6 A Uh-huh.

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1 THE COURT: You said "international issue, international  
2 order."

3 In non-Scientology terms, what is that?

4 THE WITNESS: It was a published statement to all  
5 organizations and all missions in the world saying that I was  
6 suppressive for not disconnecting from Gerald Armstrong,  
7 and for a number of other crimes which were the same ones  
8 that I had supposedly undergone a justice action for, and  
9 then there was another international issue, which is the  
10 L. Ron Hubbard executive <sup>directive</sup> that goes to all organizations  
11 and all missions, and is also broadly published. That means  
12 it can go into promotions or promotional pieces or get  
13 published in the newsletter or something that said that an  
14 issue that I had written earlier was not all right and  
15 unauthorized, which wasn't so, and I can't remember all  
16 of it, but that I was pretty bad.

17 MR. HARRIS: Deposition in this case, Mr. Flynn,  
18 page 209 lines 17 through 19:

19 "Q Did someone offer to lift the  
20 Declare on you if you testified for the Church?

21 "A No, they certainly didn't."

22 THE WITNESS: I'd like to explain that. First of  
23 all, Lisa called me and was no longer a staff member, and  
24 I told her in that telephone call that she didn't represent  
25 me and should not try to negotiate that because I didn't  
26 care about my Declare being issued -- being lifted. This  
27 was apparently something she cooked up with Jeff Schievell  
28 and I didn't <sup>know</sup> who she was representing. She certainly wasn't

-2  
1 going to represent me, so that is why you have that discrepancy.

2 Q BY MR. HARRIS: That explains the discrepancy;  
3 is that correct?

4 A Yes.

5 Q Now, Miss Sullivan, you said Advanced  
6 Organization Los Angeles was a part of the Church of  
7 Scientology of California but was a Sea Org org; is that  
8 correct?

9 A Uh-huh.

10 THE COURT: You have to answer audibly.

11 THE WITNESS: Yes.

12 Q BY MR. HARRIS: And the Sea Org org, as you  
13 understood it, contained people who were Sea Org people;  
14 right?

15 A Right.

16 Q And the American St. Hill Organization was  
17 also a Sea Org org within the Church of Scientology of  
18 California; right?

19 A Correct.

20 Q Did you have any personal knowledge of who  
21 prepared exhibit BBBB -- it is getting out of hand, Your  
22 Honor -- that is "Join Ron's Personal Organization"?

23 A Well I was familiar with the setup and the  
24 layout of the Advance magazine from its inception.

25 Q So you knew personally who prepared this  
26 particular item; is that correct?

27 A It says it in the magazine in the masthead.  
28 The editor is David Ziff and the assistant editor is Sylvia Race,

1 both of whom I know, and both of whom routinely prepared  
2 the copy and both of them at that time were on the Flag  
3 ship and getting their authority from L. Ron Hubbard.

4 Q So from what you know --

5 A From my experience.

6 Q From what you know, it was David Ziff and  
7 someone else --

8 A Sylvia Race.

9 Q -- who prepared this particular item?

10 A Yes.

11 Q And you say Mr. Hubbard approved it?

12 A Well it was routine that he approved it.

13 Q But you don't have any personal knowledge that  
14 he approved this particular item?

15 A No, but I know that he often referred to the  
16 Sea Organization and the AO as his org.

17 Q His org?

18 A He referred to it that way himself.

19 Q By the way, is an organization different than  
20 a corporation so far as you knew at the time that you  
21 read this?

22 A At the time it came out, I didn't make a  
23 distinction.

24 Q You made no distinction?

25 A No, not at that time.

26 THE COURT: What is MEST, M-E-S-T?

27 THE WITNESS: Matter, energy, space and time. It is an  
28 acronym for the physicalness of things.

1 Q BY MR. HARRIS: Now, Miss Sullivan, gross  
2 income was one of how many statistics being kept?

3 A Well the actual number shifted from time to  
4 time. The gross income is the executive statistic, the  
5 division 7 statistic along with value of services delivered  
6 of division 7, and therefore one of two or three of the  
7 seniormost statistics kept internationally.

8 Q I will ask the question again. How many  
9 statistics did the organization keep?

10 A About -- probably about 20, 21.

11 Q Including Well Done Auditing Hours?

12 A Yes, that is division 4.

13 Q And New People Into The Organization?

14 A New Names to CF, New Public, division 6, yes.

15 Q And other statistics?

16 A Yes.

17 Q Cash Bills?

18 A Yes. Cash bills is Guardian's office.

19 Q And so when you were mentioning this LRH  
20 birthday game, is that what it is?

21 A Uh-huh.

22 THE COURT: The birthday game was to get all the  
23 statistics up five times?

24 A Uh-huh.

25 THE COURT: You have to answer audibly.

26 THE WITNESS: Yes.

27 Q BY MR. HARRIS: By Mr. Hubbard's birthday?

28 A Well, yes. At times it was 10 times.

1 Q And this birthday game, did you have something  
2 to do with that?

3 A Yes I assisted him with the photography of the  
4 posters and wrote issues on it and worked with the aides in  
5 the promotion of it.

6 Q Can you tell me when is your best recollection  
7 of having this conversation with Kima Douglas about RRF?

8 A When?

9 Q When.

10 A Well I don't have a date that comes to mind.  
11 I just have circumstances to date it.

12 Q The international issue that you are talking  
13 about was your Declare?

14 A There are two international issues.

15 Q Is one of the international issues your Declare?

16 A Yes.

17 Q Is the other one an LRH ED?

18 A As I understand it, yes.

19 Q And when you say as you understand it, have  
20 you seen the LRH ED?

21 A Yes, but I haven't seen it in the last couple  
22 of years.

23 Q And it didn't mention you; did it?

24 A Not specifically by name, but it referred to  
25 a person who had authorized an issue, and I am the author of  
26 that issue.

27 Q And --

28 A I think the person who wrote it very specifically  
29 did not mention my name to protect themselves.

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Q Well, who wrote it?

A Well, I don't recall who wrote that.

Q Isn't your testimony that this HCO Policy Letter of 21 October, 1968 canceled the penalties for lower conditions which is exhibit, I think, RR?

A Well, this particular issue doesn't say it cancels anything except Fair Game; otherwise, it would say up here, "Cancels HCO Policy Letter," blah, blah, blah to give you a reference so that if you ran across this you could look up the earlier issue and say that is the one that is canceled. This is the way it goes.

But there is no other notation here that anything is canceled.

And this is way we had that conversation over whether it was actually canceled or revised, because it says this is canceled, but it doesn't say the -- it says this Policy Letter does not cancel any policy in the treatment or handling of the SP.

So there is just that little thing shoved in there that does not cancel anything.

Q Let me ask you this: Have you seen an actual cancellation of the HCO Policy Letter of 18 October, "Penalties for Lower Conditions"?

A I probably have, but I don't recall it offhand.

Q That was a different item than HCO PL 21 October, 1968 which has been marked exhibit quadruple A; is that correct?

A Well, I'll tell you what; I have probably seen

1 all the revisions and cancellations of any ethics policy  
2 letter including this one. And what I see as the issue here  
3 is whether or not Fair Game is canceled for a suppressive  
4 person outside the organization. It is not, definitely not;  
5 certainly not in practice, despite who wrote what, when.

6 Q That is what I am trying to get at; is it  
7 your --

8 A Penalties have been waived for staff members --

9 Q Just a second.

10 Is it your contention that the policy letter  
11 which talks about penalties for lower conditions, exhibit,  
12 I believe, RR --

13 A Uh-huh.

14 Q -- is still an existing noncanceled policy  
15 letter?

16 A It has been added to, revised, possibly  
17 canceled.

18 Those conditions still exist even though the  
19 sequence for them has changed. It has been updated.

20 Q The conditions --

21 A Liability, treason, doubt, enemy are still  
22 conditions as far as I know. They certainly were until  
23 1981.

24 Q Yes.

25 A And you have now additions of conditions. You  
26 have additions as far as the formulas and you revisions as  
27 far as the formulas. And so the body of this policy letter  
28 has been routinely revised.

1 Q I am referring specifically to exhibit RR; is  
2 it your contention that exhibit RR is an existing noncanceled  
3 policy letter?

4 MR. FLYNN: Your Honor, it has been asked and answered  
5 five times.

6 MR. HARRIS: It has not been answered yet.

7 THE COURT: I don't think that is her testimony,  
8 counsel.

9 She said as far as her understanding, the policy  
10 still exists that suppressive persons outside the  
11 organization -- it has been changed and revised; other things  
12 have happened, apparently, is her testimony relating to other  
13 people.

14 MR. HARRIS: I want to distinguish between a practice  
15 which I understand this witness' testimony relates to, Your  
16 Honor, and the actual written policy letter which has been  
17 paraded up here.

18 THE COURT: Well, I don't know, counsel; you represent  
19 the church. And I presume that if you have some documents  
20 that would impeach the witness on this matter, then you  
21 probably should present them to her and cross-examine her  
22 on them.

23 I agree you have a right to test her recollection.  
24 But she has attempted, I believe, to answer your question.

25 THE WITNESS: You see, this says here ". . .applies  
26 to both Orgs and Sea Org."

27 It is also Issue 4. We don't have the earlier  
28 issue. We also don't have the subsequent issues for that



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series.

THE COURT: There is no question pending at the moment.

MR. HARRIS: I did put one in, Your Honor. I am trying to locate it.

THE COURT: We have so many exhibits here.

MR. HARRIS: That is my problem too, Your Honor.

May I have exhibit 55?

Q Directing your attention to what has been marked exhibit 55, I ask you if you recognize that?

A I have seen it before.

Q And you mentioned that the document which you pointed to about cancellation of Fair Game didn't have any cancellations of any specific policy letters; correct?

A This is written by -- this is written in 1981.

Q Yes.

A Signature L. Ron Hubbard -- he was not on the scene -- assisted by Real LaPlaine, International HCO Exec Sec. And it lists all these.

Q Yes. And up at the top here, particularly, it mentions those issues which remain canceled. And one of them is HCO PL 18 October, Issue 4, Penalties for Lower Conditions; is that correct?

A Why would somebody have to issue that they remain canceled if they were really canceled?

7

1 Q Well, there is more than one.

2 A If they were really cancelled --

3 Q There is more than one --

4 A But why did someone have to say "remain  
5 cancelled" unless they somehow got uncanceled. I don't get  
6 it. That I don't get because if you have to say they remain  
7 cancelled, then there is getting to<sup>be</sup>/some question about  
8 whether they are cancelled or not, so she is trying to do  
9 something there which isn't real clear.

10 Q You didn't at the time you read exhibit 55  
11 have some confusion about what it says; did you?

12 A I don't know when I read this. At that time  
13 I probably would have just shoved it in a drawer. I had no  
14 interest really in reading this stuff.

15 Q Okay. Now, you testified on redirect that  
16 your deposition testimony in the St. Petersburg Times case  
17 was a shore story; is that correct?

18 A Essentially.

19 Q Does that mean, Miss Sullivan, that you  
20 lied in the deposition?

21 A What it means is I left out some important  
22 data that I could have said. I chose not to say it and so  
23 I shifted emphasis.

24 I also used a hypothetical example.

25 Q And you recall me asking you on cross-examination  
26 whether at the time that you gave that testimony you believed  
27 it and your answer, "Yes"?

28 A I believed those things that I said were so,

1 but I also was not so naive as to not -- to not know that  
2 there were other important facts that could have been  
3 stated at that time.

4 MR. HARRIS: I have nothing further.

5 THE COURT: Mr. Litt?

6 MR. LITT: I have nothing.

7 THE COURT: Mr. Flynn?

8 MR. FLYNN: Just a couple, Your Honor.

9

10

REDIRECT EXAMINATION

11

BY MR. FLYNN:

12

Q Miss Sullivan, directing your attention to

13

this conversation you had with Lisa Britowich and the mention  
14 of the Jeff Sheivell, who is Jeff Sheivell?

15

A Well, he used to be in B-1 at Worldwide and/or

16

in the services bureau when I knew him, and then he was

17

associated with B-1, and then he was promoted to assume

18

Jimmy Mulligan's position of controller assistant intelligence

19

or information, and after I left when they set up ASI and

20

RTC, I assume he took his same position but in a different

21

corporation.

22

MR. HARRIS: I move to strike that, Your Honor, as

23

speculation.

24

THE COURT: Be stricken.

25

THE WITNESS: My familiarity with Jeff Scheivell is

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as an intelligence person.

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MR. FLYNN: Just the last part with regard to her

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assumption?

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THE COURT: Yes.

MR. HARRIS: Yes, that is all I moved.

Q BY MR FLYNN: Do you know whether Lisa Britowich was in communication with Jeff Scheivell?

A Yes.

Q And you also knew at that that time that Lisa Britowich was not in the organization; is that correct?

A Yes.

Q So what you are saying is that you didn't think in your deposition that Lisa Britowich had the authority to cancel your Declare?

MR. LITT: Objection.

MR. HARRIS: That assumes facts not in evidence, also.

THE COURT: Well you can restate it. I will sustain your objection.

Q BY MR. FLYNN: What if anything did you think, Miss Sullivan, with regard to the authority of Lisa Britowich to cancel your Declare?

A She didn't have any authority. She was out of the organization.

Jeff Sheivell had called her to find out if I would talk to him, and I said, "Well, why doesn't he call me? He is the one that published my address. Why doesn't he call me?"

She said, "Well, they don't know if you will talk to them."

I said, "Well, there is only one way to find

1 that out is for them to call me."

2 She set up this line to me as a via which I  
3 objected to and was adding things in or stating them  
4 for them, and it wasn't clear to me so I said, "Lisa, you  
5 don't represent me."

6 Q You were at that time friendly with Lisa  
7 Britowich; is that correct?

8 A Yes.

9 Q And in your testimony at the trial did you  
10 equate a Fair Game Declare with a Declare where a person  
11 who is being declared is out of the organization?

12 A Yes.

13 Q So, if Lisa Britowich didn't say Fair Game  
14 Declare but simply Declare, did you understand the two to  
15 mean one and the same?

16 A Yes. It is just staff member lingo. "Lift your  
17 Declare."

18 Q And with regard to testify and cooperation,  
19 did you understand that to mean the same thing?

20 A Yes.

21 Q Now, in your conversation with Mr. Litt,  
22 did you tell Mr. Litt that --

23 MR. LITT: Objection; beyond the scope of Mr. Harris'  
24 cross.

25 THE COURT: I will sustain the objection unless you  
26 want to reopen.

27 MR. FLYNN: I will withdraw it, Your Honor.

28 I do have one document which is beyond the

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scope, Your Honor, which I overlooked.

MR. HARRIS: Do you have a copy?

MR. FLYNN: And I don't have a copy of it, and I'd like to have the witness identify it.

THE COURT: Have you shown it to counsel?

MR. LITT: No.

MR. FLYNN: It relates to the biography project in the contract negotiations.

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Q BY MR. FLYNN: Miss Sullivan, directing your attention to these two documents stapled together --

May they be marked next in order, Your Honor?

THE COURT: I think we are up to quadruple D. Four D's.

Q BY MR. FLYNN: Do you recognize these two letters?

A Yes.

Q And which of those documents did you personally prepare?

A This one, the second one.

Q The second one which is dated 23 October, 1980 which starts at the top "Re Biography Contract Negotiations"; is that correct?

A Yes.

Q And in what way does the first two pages of exhibit quadruple D relate to the second two pages?

A It is a reply.

Q And in the first --

A It is not the complete reply because there were supposedly two phone calls, one from Ann Mulligan to Mary Sue and one from Ann Mulligan to me on this as well.

Q Now, was it the second two pages of the exhibit that initiated the series of phone calls you just referred to?

A Yes.

Q And were those phone calls held on the same day?

A I think the next day.

1 Q What was -- who participated in those phone  
2 calls?

3 A Ann Mulligan and Mary Sue according to Ann  
4 Mulligan and Ann Mulligan and myself.

5 Q Who is Ann Mulligan?

6 A She was Mary Sue's assistant for legal which is  
7 listed here CAL, Controller Assistant Legal.

8 Q And what was said in those phone calls,  
9 Miss Sullivan?

10 A Well, I had made this proposal on the biography  
11 and Ann --

12 Q Referring to the back two pages of the exhibit?

13 A Yes.

14 And submitted to Ann for forwarding to Mary Sue.

15 And as I understand it, Mary Sue was not  
16 physically available to receive this that day. She was doing  
17 something.

18 But Ann had contact with her. And this reply  
19 came back from Ann.

20 I questioned her. I called her and said, "Where  
21 is it?"

22 She said, "Well, I had wanted to answer you.  
23 And I'll answer you. But here is the result which she related  
24 to me."

25 And I said, "Did you actually talk to Mary Sue  
26 about this?"

27 And she said, "Yes."

28 And this is this dispatch here dated the 24th.



1 It is really a summary of her communications with Mary Sue  
2 in reply.

3 Q Now, this was shortly before the agreement was  
4 entered into; is that correct, the agreement between PDK and  
5 Omar Garrison?

6 A Yes.

7 Q Now, on the document that begins at the top  
8 "Re Biography Contract Negotiations" that you prepared which  
9 is the third page of this exhibit, there is a notation in  
10 paragraph, numbered paragraph 2 that another contract be  
11 drawn up between PUB's DK and R.

12 Who is R?

13 A LRH.

14 Q To pay royalties to him for his permission to  
15 use materials of his, et cetera; what did that mean?

16 A Well, it meant that -- well, first of all, LRH  
17 and PDK already had an agreement that was an author-publisher  
18 agreement. And there was going to be an addition to that  
19 for the use of his materials in compilation of any books and  
20 we were going to broaden it. The broadening of it comes under  
21 MCCS.

22 The actual discussion here is to set up a payment  
23 to L. Ron Hubbard as the subject for the use of his materials  
24 which is the archives.

25 Q The archives that Mr. Armstrong was collecting?

26 A Correct.

27 MR. FLYNN: That is all I have, Your Honor.

28 THE COURT: Counsel, do you want to cross-examine on

1 this?

2 MR. LITT: Could we have a moment, Your Honor?

3 THE COURT: Surely.

4  
5 RECROSS-EXAMINATION

6 BY MR. LITT:

7 Q Miss Sullivan, you referred in Mr. Flynn's  
8 questions to you to something that was supposed to happen;  
9 did you ever see a signed contract by Mr. Hubbard and PUBS  
10 DK that reached the agreement that you are talking about that  
11 was supposed to happen there?

12 A I saw a framework that a contract would cover.  
13 I didn't see a contract.

14 I was removed before that could be completed.

15 Q So you have no personal knowledge as to whether  
16 any such contract was ever actually executed or not, do you?

17 A Well, I was told by Ron Pook that it was, but  
18 I never saw it.

19 MR. LITT: Move to strike the last part, Your Honor.  
20 The first part is nonresponsive.

21 THE COURT: All right.

22 Q BY MR. LITT: You do not have any personal  
23 knowledge; correct?

24 A No.

25 Q Is that correct?

26 A No, that is correct.

27 MR. LITT: Thank you, Your Honor.

28 THE COURT: Mr. Harris?

1 MR. HARRIS: No, Your Honor.

2 THE COURT: Mr. Flynn?

3  
4 FURTHER REDIRECT EXAMINATION

5 BY MR. FLYNN:

6 Q You did know at the time that Omar Garrison  
7 entered into the contract with PDK that the basis of that  
8 contract was the contract that PDK would have with L. Ron  
9 Hubbard; is that correct?

10 MR. LITT: Objection. Leading.

11 THE COURT: At this stage it is, but in the interest  
12 of getting her off, I don't mind a leading question. I'll  
13 overrule it.

14 THE WITNESS: That is correct.

15 And the contract between Omar and PDK really  
16 couldn't be executed on its own without that agreement.

17 MR. FLYNN: Thank you.

18 THE COURT: Mr. Litt?

19 MR. LITT: Nothing.

20 MR. HARRIS: Nothing further, Your Honor.

21 THE COURT: You may step down.

22 MR. HARRIS: Can she remain on call, Your Honor, in  
23 case this MCCS stuff comes up again?

24 THE COURT: I'll excuse the witness subject to being  
25 on call through Mr. Flynn in the event further testimony is  
26 required.

27 MR. HARRIS: Mr. Spurlock is down on the second floor,  
28 Your Honor. Mr. Flynn notified us he would be the next

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witness.

MR. FLYNN: I can put on another short witness before Mr. Spurlock.

In view of this claim that the Fair Game Doctrine has been canceled, I brought a witness in from Las Vegas.

THE COURT: All right.

MR. HARRIS: Somebody on your witness list, I am sure?

MR. FLYNN: I understand that he may not be on the witness list. He has been sued three times by the organization. His deposition has been taken approximately 20 times.

In light of the position taken by the organization on Friday that the Fair Game Doctrine had been canceled --

I could bring him back on surrebuttal, if necessary, but he is here. I expect him to be fairly short with regard to three or four points that have arisen during the case.

MR. LITT: If I can be heard, Your Honor, as far as I know Mr. Walters is not on the witness list. And there would be preparations to be done to cross-examine Mr. Walters which has not been done because we were given no notice that he was to be a witness in this case.

We would object to him being a witness. But if he is to be a witness, we would ask that it not be now so that, at least, we have an opportunity to do some preparation.

He is, presumably, going to stand up and make all kinds of statements that I don't know anything about.

1 And I presume Mr. Harris doesn't know anything about them  
2 either. And we don't have the opportunity to do any  
3 investigation under these circumstances.

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1 MR. FLYNN: Well, Your Honor, with regard to  
2 Mr. Harris' knowledge, Mr. Walters was a witness in the IRS  
3 case and was cross-examined by Mr. Harris.

4 MR. HARRIS: No, that is not true, Your Honor.  
5 Mr. Walters was a witness in the IRS case and was not  
6 cross-examined by me or anybody else on behalf of the church.

7 MR. FLYNN: Well, he was a witness in the IRS case.

8 MR. HARRIS: He was, relating to the period 1970  
9 through '72.

10 THE COURT: Well, what is your offer of proof for  
11 this witness, Mr. Flynn?

12 MR. FLYNN: He would testify that between the years  
13 1970 and as late as 1979 he acted as a Guardian's office  
14 missionary dealing with the highest members of the Guardian's  
15 office on missions to implement the Fair Game Doctrine  
16 against a variety of people and organizations, of which he  
17 specifically did, he had direct conversations with the  
18 highest members of the Guardian's office to the effect that  
19 the Fair Game Doctrine, of course, was never cancelled  
20 and had been implemented for years.

21 He also was sent out on missions to penetrate  
22 the office of a psychiatrist, to tape record conversations,  
23 to cull PC files and use the information to blackmail  
24 people.

25 He himself directly particularly in an operation  
26 against these people called the Hartwells when they returned  
27 to Las Vegas because of their proximity to L. Ron Hubbard,  
28 to cull PC files, tape record conversations of Mr. Hartwell,

1 and then take the tape and splice out portions of the tape  
2 which was then taken to the police to make it appear that  
3 Mr. Hartwell was extorting money from the organization.

4 He has direct personal knowledge, both as an  
5 operative of the Guardian's office that Fair Game was never  
6 cancelled, and he also/<sup>has</sup>direct knowledge in the way of the  
7 policy of the organization to the effect that the Fair Game  
8 doctrine was never cancelled.

9 In addition to that, he was dealing, unlike  
10 Miss Sullivan and Mr. Armstrong, dealing with public  
11 Scientologists for a period of 10 years and he saw  
12 Scientologists pay literally hundreds of thousands of dollars  
13 based upon representations about L. Ron Hubbard's background  
14 that they particularly relied on, and the proof of the fact  
15 that the L. Ron Hubbard background was probably the most  
16 significant thing to a person who was paying this money  
17 was the fact that when the Hartwells left Mr. Hubbard in  
18 La Quinta and they began to disseminate information about  
19 Mr. Hubbard and the type of person he was as they observed  
20 when they were with him in La Quinta, many Guardian's office  
21 operations were mounted against the Hartwells because the  
22 information was spreading in Las Vegas at the time that  
23 Mr. Hubbard was the type of person in reality that he was  
24 perceived to be by the Hartwells and people began to leave  
25 the organization when they realized the type of individual  
26 they were dealing with.

27 So, those two items are the essence of his  
28 testimony. He also sold L. Ron Hubbard's background and he

1 saw thousands of people rely on it and pay hundreds of  
2 thousands of dollars in reliance on it.

3 THE COURT: Well it doesn't sound like it would be  
4 very brief. Sounds like it would be rather extensive.

5 MR. HARRIS: Also, just in terms of the defense which  
6 goes to Mr. Armstrong's state of mind, unless there was a  
7 prerequisite established that Mr. Armstrong had spoken to  
8 this gentleman before he left or before he sent these items,  
9 it doesn't seem like it would be relevant.

10 THE COURT: Well, we will take a short recess and you  
11 can get this other witness, Mr. Spurlock, and we will deal  
12 with that.

13 I would think that if I were to permit this  
14 witness to testify, I'd limit it to the issue of whether  
15 or not Fair Game was revoked or not revoked. It would tend  
16 to corroborate defense witnesses in the facts and issues  
17 and it would be something that would become, I suppose,  
18 consistent with your statement that that you were not aware  
19 that that was going to be a position taken.

20 But I think to go into all of these other areas,  
21 it seems to me rather cumulative and undue consumption of  
22 time.

23 After all, we have been at this thing for  
24 four weeks now and I think we ought to be winding down,  
25 I would hope.

26 MR. FLYNN: My prognosis is, Your Honor, I have got  
27 Mr. Spurlock probably 30 to 40 minutes, Nancy Dincalci  
28 probably half an hour and Mr. Garrison approximately half



1 an hour.

2 The problem I have with Mr. Garrison is he  
3 can't be here until 9 o'clock tomorrow morning.

4 THE COURT: I have got a feeling you are going to be  
5 occupied until then.

6 MR. LITT: Could we, while we are sort of having  
7 this exchange, there have been some other names that have  
8 been mentioned.

9 Is Mr. Flynn representing that they are not  
10 going to be called at this time?

11 There's been Michael Douglas and Kima Douglas  
12 mentioned, and there's been Bill Franks mentioned concerning  
13 whom there had been discussion of a deposition. Mr. Flynn  
14 left out all of those names.

15 THE COURT: With regard to Miss Douglas and  
16 Mr. Franks, I am going to wait to see what the rebuttal case  
17 is, Your Honor.

18 THE COURT: Okay. We will take 10 minutes then.

19 (Recess.)  
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THE COURT: Very well. We are back in session.  
Counsel are all present.

You may call your next witness.

MR. FLYNN: Thank you, Your Honor.

Mr. Spurlock, please.

MR. HELLER: Good morning, Your Honor. My name is Larry Heller. I'll be representing the witness Mr. Lyman Spurlock during his testimony.

Your Honor may recall my name from a review of the files. At one time I was the attorney for the Church of Scientology and, in fact, obtained the temporary restraining order and the temporary injunction. I am very familiar with the issues herein and have been updated on the occurrences procedurally that have occurred since I left as counsel of record for the church.

THE COURT: What about the church's position? There could be a conflict of interest, I presume.

MR. HARRIS: My position in respect to Mr. Spurlock, Your Honor, is that Mr. Flynn is calling him based upon data he has received which is attorney-client privileged and that the witness as such -- if we were to use an analogy, fruit of the poisonous tree -- in respect to Mr. Spurlock, he did work for the Church of Scientology of California for a period of time pre-1980. So I don't know what is going to be asked. That is partly the problem.

THE COURT: The only point I raised is whether or not you have any objection on behalf of the church to a former attorney of your client apparently counseling with this

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witness as he testifies.

MR. HARRIS: No, not as such.

THE COURT: Swear the witness.

THE CLERK: Raise your right hand to be sworn.

LYMAN SPURLOCK,

called as a witness by the defense, having been duly sworn,  
testified as follows:

THE WITNESS: Yes.

THE CLERK: Take the witness stand.

THE COURT: If you want to counsel with your lawyer  
at any time, sir, just advise me. But he has no right to  
object or to raise any objections. But if you want to counsel  
with him with regard to any questions that counsel or any  
counsel asks you, you may do so.

MR. HELLER: Your Honor, I have been retained by  
Mr. Spurlock because he has some concern relating to  
privileges which may vest in his principal, who was his  
principal at the time, Mr. L. Ron Hubbard. And he has  
retained me to make sure there is not an inadvertent or  
purposeful waiver of those privileges.

-1-1

1 THE COURT: Well you certainly can consult with him  
2 and advise him to assert a privilege, but the privilege is  
3 his to assert or his principal's. It is not yours  
4 individually. You have no standing in this lawsuit as an  
5 attorney to object to any questions.

6 MR. HELLER: May I stand by the witness?

7 THE COURT: Yes.

8 THE CLERK: Will you state and spell your name?

9 THE WITNESS: Lyman Spurlock

10  
11 DIRECT EXAMINATION

12 BY MR. FLYNN:

13 Q Where do you live, Mr. Spurlock?

14 A In Los Angeles.

15 Q What is your residential address?

16 A 1404 North Catalina.

17 Q Is that the premises of the Church of  
18 Scientology?

19 A Yes.

20 Q You live on those premises?

21 A Yes, I rent a room there.

22 Q Do you pay rent?

23 A Yes.

24 Q How much do you pay?

25 MR. HARRIS: What is the relevance, Your Honor?

26 THE COURT: Well --

27 MR. FLYNN: Just a little background.

28 MR. HARRIS: The background of how much he pays for rent?

1 THE COURT: Do you pay personally pay the rent or  
2 does your employer pay your rent?

3 THE WITNESS: I personally pay my rent.

4 THE COURT: You can answer. How much do you pay?

5 THE WITNESS: \$120 a month, I think.

6 Q BY MR. FLYNN: And do you have offices at  
7 that location?

8 A No.

9 Q Do you know what corporation owns those  
10 premises?

11 A No.

12 Q What is your current occupation?

13 A I am deputy executive director of Author  
14 Services Incorporated. Deputy executive director for  
15 clients affairs specifically.

16 Q And where are the offices of that corporation,  
17 Mr. Spurlock?

18 A 6463 Sunset Boulevard.

19 Q How long have you held that position?

20 A As deputy executive director?

21 Q Correct.

22 A Since about February 1983.

23 Q And who is the executive director of that  
24 organization?

25 A Norman Starky.

26 Q And what is his title?

27 A Executive director.

28 Q Does David Miscavige have a position in that

1 organization?

2 A No.

3 Q At any time did he have a position?

4 A From time to time.

5 MR. HARRIS: Objection; irrelevant.

6 THE COURT: Oh, I will let the answer stand.

7 Q BY MR. FLYNN: From time to time?

8 A As a troubleshooter we paid him, yes.

9 Q And what type of troubleshooting did he do?

10 A Various projects. One that stands to mind  
11 is we were having trouble getting "Battlefield Earth"  
12 distributed into the bookstores, and he acted as a trouble-  
13 shooter to get that done.

14 Q Is he the communications link between Author  
15 Services Inc. and L. Ron Hubbard?

16 MR. HARRIS: Objection; irrelevant.

17 THE COURT: Overruled. You can answer.

18 MR. HELLER: I think I'd like a moment to confer  
19 with my client, Your Honor.

20 THE COURT: Yes.

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1 THE WITNESS: Your Honor, could we have the question --

2 THE COURT: Read the question, please.

3 THE REPORTER: The question was taken by the other  
4 reporter, Your Honor.

5 THE COURT: The question was was David Miscavige the  
6 communications link between Author Services and LRH.

7 THE WITNESS: Sometimes yes and sometimes no. It is  
8 not -- no. The --

9 If your question means is he the absolute  
10 communications link between L. Ron Hubbard and Author  
11 Services, the answer is no.

12 MR. FLYNN: That was not the question.

13 THE COURT: Then I misstated it.

14 Q BY MR. FLYNN: Between February, 1980 and the  
15 present time has he been the communications link between  
16 L. Ron Hubbard and Author Services Inc.?

17 MR. HARRIS: I'll object to that as irrelevant and  
18 calling for a conclusion.

19 THE COURT: Well, when did Author Services Inc. come  
20 into existence? He could have been the communicator before  
21 that time.

22 MR. FLYNN: I'll withdraw it and back up a little bit,  
23 Your Honor.

24 Q Before you were the Deputy Executive Director  
25 for Author Services Inc. what was your position in that  
26 organization if any, Mr. Spurlock?

27 A Corporate Affairs Director.

28 Q And when did you take on that post?

1 A In March of 1982.

2 Q And when did you take on the post of Deputy  
3 Executive Director?

4 MR. LITT: Objection. Asked and answered.

5 Q BY MR. FLYNN: That is February, 1983; is that  
6 correct?

7 A Correct.

8 Q Do you know when Author Services Inc. was  
9 incorporated?

10 A I believe it was somewhere around October, 1981.

11 Q Did you play any role in the incorporation of  
12 that organization?

13 A No, I didn't.

14 Q Do you know who the incorporators were?

15 A I believe it was Ron Pook.

16 Q Was he the only incorporator?

17 A I don't know.

18 Q Is he currently with the organization?

19 A No.

20 Q Do you know who the present Board of Directors  
21 of the organization are?

22 A Yes.

23 Q Who?

24 A Norman Starky; Fran Harris; John Alcock.

25 Q Have you ever been a member of the Board of  
26 Directors of Author Services Inc.?

27 A No.

28 Q Do you know whether or not those individuals have



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signed undated letters of resignation?

MR. HARRIS: It is irrelevant, Your Honor. Object.

THE COURT: I'll sustain the objection.

Q BY MR. FLYNN: Prior to March, 1982 what was your position, Mr. Spurlock?

A Immediately prior? Way prior? Do you mean --

Q Within the prior year.

A Within the prior year I worked for Church of Scientology of California.

Q In what position?

A Investment Officer International.

Q What were your duties in that position?

A I had a variety of duties.

I was basically an assistant to WDC on investments and financial matters.

Q Did you basically invest the church's monies?

MR. HARRIS: Church of Scientology of California monies?

Q BY MR. FLYNN: Church of Scientology of California; is that what you did?

A I didn't do it personally.

Q You advised as to investments of the Church of Scientology of California's monies; is that correct?

A That would be a fair statement.

Q Were those called "Sea Org Reserves"?

A Yes.

Q And how long did you hold that position?

A From about April, 1979 to November, 1981.

1 Q In November, 1981 what position did you hold  
2 after Investment Officer International of CSC?

3 A I went to work for R accounts or LRH through  
4 R accounts to assist in some estate planning matters. There  
5 was no formal title.

6 THE COURT: Is this Author Services now a profit  
7 corporation or nonprofit corporation?

8 THE WITNESS: It is a profit corporation.

9 THE COURT: Who were the shareholders if you know?

10 THE WITNESS: The employees. I don't know the exact  
11 breakdown.

12 THE COURT: What employees?

13 THE WITNESS: Pardon me?

14 THE COURT: What employees?

15 THE WITNESS: Of Author Services.

16 THE COURT: Does that include you?

17 THE WITNESS: Yes.

18 THE COURT: How many employees does the company have?

19 THE WITNESS: 24, 25.

20 THE COURT: They are each shareholders?

21 THE WITNESS: No.

22 THE COURT: How many employees are shareholders?

23 THE WITNESS: I really don't know.

24 THE COURT: Is LRH a shareholder?

25 THE WITNESS: No.

26 THE COURT: Does anybody hold shares in his behalf to  
27 your knowledge?

28 THE WITNESS: No.

1 THE COURT: How about Mary Sue; is she a shareholder?

2 THE WITNESS: No.

3 THE COURT: Does anybody hold shares in her behalf,  
4 if you know?

5 THE WITNESS: No.

6 THE COURT: Any trust that holds the shares?

7 THE WITNESS: No.

8 THE COURT: You may continue, counsel.

9 Q BY MR. FLYNN: There is no trust, Mr. Spurlock,  
10 that holds any shares on behalf of L. Ron Hubbard; is that  
11 your testimony?

12 A That is right.

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1 MR. LITT: Is this in Author Services?

2 Q BY MR. FLYNN: In Author Services, Inc.; is  
3 that correct?

4 A That is correct.

5 Q Who appointed you to your position?

6 MR. HARRIS: Which position, Your Honor?

7 Q BY MR. FLYNN: Your current position.

8 A Deputy executive director?

9 Q Correct.

10 A Norm Starky.

11 Q Who appointed Mr. Starky to his position?

12 MR. HARRIS: Objection; calls for a conclusion.

13 Q BY MR. FLYNN: If you know.

14 THE COURT: If you know.

15 MR. HARRIS: Or hearsay, one or the other.

16 THE COURT: If you know, you can answer. If you  
17 don't, you can so state.

18 THE WITNESS: I really don't know.

19 Q BY MR. FLYNN: Now, how many clients does  
20 Author Services, Inc. have?

21 MR. HARRIS: Objection; that is irrelevant.

22 THE COURT: Overruled.

23 THE WITNESS: L. Ron Hubbard is the significant  
24 client.

25 Q BY MR. FLYNN: Are there any others?

26 A One at the present time, I think.

27 Q Is the other one a corporation or an individual?

28 MR. HARRIS: Objection; irrelevant, Your Honor.

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THE COURT: Overruled.

THE WITNESS: An individual.

Q BY MR. FLYNN: And who is that?

MR. HARRIS: Objection; irrelevant, Your Honor. This is not a discovery proceeding into what ASI's business is.

THE COURT: Well, I guess I will sustain the objection.

Q BY MR. FLYNN: Now, is it fair to say that almost all of the duties of Author Services Inc. is to manage the business affairs of L. Ron Hubbard?

A That would be a fair statement.

Q Now, I take it between November 1981 and March 1982 you worked for R accounts?

A Right.

Q And did that position involve investing the money of L. Ron Hubbard?

A No.

Q What did it involve?

A It involved tacking his liaison with attorneys to sort out various corporate and estate matters.

Q And who were you working for at that time?

A I suppose ultimately I was working for LRH.

Q And where was your office located?

MR. HARRIS: Objection; irrelevant.

THE COURT: Overruled.

THE WITNESS: At the Cedars Complex.

Q BY MR. FLYNN: And who owned the Cedars Complex at that time?

A I believe C S T did.

1 THE COURT: Are the archives owned at this time by  
2 Author Services Inc.?

3 THE WITNESS: No, sir.

4 Q BY MR. FLYNN: Who owns the archives,  
5 Mr. Spurlock?

6 THE COURT: If you know.

7 MR. HARRIS: Well, who owns, calls for a legal  
8 conclusion; who is in possession doesn't.

9 THE COURT: Well I would disagree with you. I think  
10 either concept is a legal concept. This witness should have  
11 knowledge at least so far as Author Services. I don't know  
12 whether he has knowledge of who owns the archives other  
13 than perhaps LRH. I don't know.

14 Do you have any personal knowledge?

15 THE WITNESS: I can tell you this much: The question  
16 of ownership of individual archives items has never been  
17 fully sorted out.

18 Church of Spiritual Technology has possession  
19 of the archives at this time and its job is to preserve them  
20 and the question of ownership, I suppose, would revolve  
21 around who paid for Xerox materials at certain times. I  
22 mean, it is this big massive material, many, many filing  
23 cabinets full and sorting out the individual ownership of  
24 each item would be a task which we haven't taken on yet, but  
25 C S T does have possession of them and responsibility  
26 for them.

27 Q BY MR. FLYNN: Let me ask you this: Essentially  
28 since November 1981, Mr. Spurlock, have you treated

1 the archives that Mr. Armstrong collected as an asset of  
2 L. Ron Hubbard?

3 A I haven't treated them one way or another,  
4 Mr. Flynn.

5 Q Have you considered them yourself to be an  
6 asset of L. Ron Hubbard?

7 MR. HARRIS: Well, I will object to that as irrelevant.

8 THE COURT: Well, overruled.

9 Let's put it this way: Does Author Services  
10 consider them as an asset of Author Services?

11 THE WITNESS: No, sir.

12 Q BY MR. FLYNN: Does Author Services Inc.  
13 consider them to be an asset of L. Ron Hubbard?

14 A I have never addressed that question.  
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1 Q Have you exercised any supervisory authority over  
2 the Church of Spiritual Technology in connection with the  
3 possession of the archives?

4 A Yes, I have.

5 Q On behalf of L. Ron Hubbard?

6 A On behalf of the Church of Spiritual Technology.

7 Q Are you an officer or a director of that  
8 corporation?

9 A Yes, I am.

10 Q And have you signed an undated letter of  
11 resignation in connection with your position with that  
12 corporation?

13 A No, I haven't.

14 Q Have you been on the board of directors of any  
15 other corporations, Mr. Spurlock, involving Church of  
16 Scientology corporations?

17 A No.

18 Q Only the Church of Spiritual Technology?

19 A On the Board of Directors, yes.

20 Q How about Religious Technology; at any time were  
21 you on the Board of Directors?

22 A No.

23 Q Were you an incorporator?

24 A I believe I was.

25 Q Who were the other members of the Board of  
26 Directors of the Church of Spiritual Technology?

27 A Greg Wilhare. I can't remember who the  
28 secretary is. I can't remember.



1                   It is one of those things, "Here is my sister,"  
2 you know, kind of a mental lapse.

3           Q       Now, prior to November, 1981 did you do anything  
4 in connection with investing or managing any assets of  
5 L. Ron Hubbard?

6           A       No, I didn't.

7           Q       Do you know an individual named Michael Smith?

8           A       Yes.

9           Q       And he was in charge of L. Ron Hubbard's accounts;  
10 is that correct, prior to November of 1981?

11          A       That is correct.

12          Q       And did you take over his position?

13          A       No, I didn't.

14          Q       Do you know who did?

15          A       Jim Isaacson.

16          Q       Do you know a Michael Douglas?

17          A       Yes, I do.

18          Q       And in January, 1980 did you assume any  
19 responsibilities from Michael Douglas in connection with  
20 investing any of L. Ron Hubbard's monies?

21          A       No.

22          Q       Who did Jim Isaacson work for, if you know, in  
23 November of 1981?

24           MR. HARRIS: I'll object to that as calling for a  
25 conclusion.

26           THE COURT: If you know you can state it; if you don't  
27 know, you can so state. Don't guess.

28           THE WITNESS: What time was that?

1 Q BY MR. FLYNN: November, 1981.

2 A My answer would be the Hubbards.

3 Q And do you know whether at that time he received  
4 a weekly allowance from the Church of Scientology of  
5 California?

6 MR. HARRIS: Objection. Calls for a conclusion.

7 THE COURT: If you have personal knowledge, you can  
8 so state; if you don't, you can so state, but don't guess.

9 THE WITNESS: I don't have any personal knowledge.

10 Q BY MR. FLYNN: In November, 1981 were you  
11 receiving a personal allowance from the Church of Scientology  
12 of California?

13 A No, I wasn't.

14 Q When was the last time you received such an  
15 allowance?

16 A When I left.

17 Q When was that?

18 A Either late October, early November, 1981.

19 Q And between November, 1981 and March, 1982 did  
20 you get paid?

21 A Yes.

22 Q Who paid you?

23 A Jim Isaacson.

24 Q And how much did you receive for pay,  
25 Mr. Spurlock?

26 MR. HARRIS: Objection. Irrelevant.

27 It invades the witness' privacy.

28 THE COURT: I'll sustain it.

1 Q BY MR. FLYNN: Did your pay change in amount  
2 between late October, 1981 when you say you last worked for  
3 CSC and November, '81 when you went to work for R accounts?

4 MR. HARRIS: I'll object. Irrelevant.

5 MR. HELLER: It also relates to his privacy and  
6 background. I'll join in the objection on the basis of his  
7 background, Your Honor.

8 THE COURT: I won't consider you as having any standing,  
9 sir, to raise an objection.

10 However, I don't see the relevancy. I'll sustain  
11 the objection.

12 MR. FLYNN: If I may be heard, Your Honor, the relevancy  
13 goes to --

14 THE COURT: If you have to think about it, it can't  
15 be very relevant.

16 MR. FLYNN: If it remained the same, it would show an  
17 identity of interest.

18 THE COURT: I don't think his interest is the crux of  
19 this lawsuit.

20 I'll sustain the objection.

21 Are you a member of Sea Org?

22 THE WITNESS: Yes, I am.

23 THE COURT: For a billion years?

24 THE WITNESS: That's right.

25 Q BY MR. FLYNN: And in connection with your billion-  
26 year contract, Mr. Spurlock, have you signed releases releasing  
27 L. Ron Hubbard from any liability in connection with any Sea  
28 Org responsibilities or duties?

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MR. HARRIS: I'll object to that as irrelevant.

THE COURT: I'll sustain the objection.

Q BY MR. FLYNN: Between February, 1980 and the present time have you or Author Services Inc. communicated with L. Ron Hubbard?

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1 MR. HARRIS: Well, I will object to that, Your Honor,  
2 as number one, compound.

3 THE COURT: Well, I will sustain the objection. It  
4 is compound.

5 this word "communicating," of course, is  
6 subject to ambiguity, also. Was he receiving communications  
7 from a messenger? Did he meet him personally? Did somebody  
8 telephone him?

9 Q BY MR. FLYNN: In May 1982 was Author Services  
10 Inc. in communication with L. Ron Hubbard?

11 MR. FLYNN: Well --

12 Q BY MR. FLYNN: By any means?

13 MR. HARRIS: That calls for a conclusion and also  
14 communication is ambiguous.

15 THE COURT: Well, that is pretty broad. I will  
16 overrule the objection.

17 If he was your client, did you communicate with  
18 him or he communicate with you or is this a client that you  
19 never communicate with?

20 THE WITNESS: No, we were in communication.

21 Q BY MR. FLYNN: In May 1982?

22 A That is correct.

23 Q And at that time Author Services, Inc. was  
24 involved in the preparation of a will and a trust for  
25 Mr. Hubbard; is that correct?

26 MR. HARRIS: Well, I will object to that, Your  
27 Honor.

28 THE COURT: I will sustain the objection.

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1 MR. FLYNN: Well, Your Honor, this goes to the  
2 statement of Mrs. Hubbard that she knows of no one who is  
3 in communication with her husband.

4 MR. LITT: That was not her testimony.

5 THE COURT: The fact that she might not know doesn't  
6 mean that somebody else might not know.

7 MR. LITT: To clarify the words, her testimony was  
8 that she knows of no one who has seen her husband.

9 THE COURT: I still say the fact that she doesn't  
10 know doesn't mean somebody else might not know. In other  
11 words, she doesn't have all knowledge of communications,  
12 I presume.

13 Q BY MR. FLYNN: Is it fair to say, Mr. Spurlock,  
14 that since at least May 1982 you have caused to prepare and  
15 to transmit to L. Ron Hubbard weekly reports concerning  
16 his financial affairs?

17 MR. HARRIS: I will object to that as irrelevant  
18 as the defendant left on December 12, 1981. What happened  
19 after that insofar as communications with L. Ron Hubbard is  
20 irrelevant.

21 THE COURT: Well, in a sense it is and in a sense it  
22 is not. You have introduced evidence here showing that he  
23 was unavailable. Concededly the court hasn't given it  
24 much consideration in this trial.

25 They have always said they wanted to call  
26 him as a witness. It is kind of late in the day. I will  
27 overrule this objection to this question anyway.

28 Did you have weekly communications with him,

1 sir?

2 THE WITNESS: Not at the present time, no.

3 Q BY MR. FLYNN: Well in February 1983 and prior  
4 thereto back to May 1982 were you preparing and sending  
5 weekly reports to Mr. Hubbard concerning his financial  
6 affairs?

7 MR. HARRIS: Same objection.

8 THE COURT: Overruled. Preparation as distinguished  
9 from actually getting them to him.

10 THE WITNESS: Yes. At that period of time, yes.

11 Q BY MR. FLYNN: And how were you transmitting  
12 those to him, Mr. Spurlock?

13 A In writing.

14 MR. HARRIS: I will object; irrelevant.

15 THE COURT: Well, overruled.

16 Q BY MR. FLYNN: And by what means did you  
17 transmit them to him?

18 MR. HARRIS: Same objection.

19 THE COURT: Overruled.

20 MR. HARRIS: Just so we are clear, can I have a  
21 continuing objection to the communication line to  
22 Mr. Hubbard?

23 THE COURT: Yes.

24 MR. HARRIS: After Mr. Armstrong left the church?

25 THE COURT: Yes.

26 Very simple question. How did you attempt to  
27 communicate with him?

28 A The weekly communications were gathered up,

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1 put in a banker's box and picked up.

2 Q BY MR. FLYNN: Who picked them up?

3 A I don't know.

4 THE COURT: The tooth fairy maybe.

5 MR. FLYNN: Your Honor will note that the letter  
6 that has been marked as exhibit 1 is dated February 3, 1983.

7 Q BY MR. FLYNN: So at that time you were  
8 transmitting weekly reports concerning Mr. Hubbard's  
9 financial affairs; is that correct?

10 A Yes.

11 Q And did you ever see any individual who picked  
12 those reports up for transmission to Mr. Hubbard?

13 A I don't recall. I mean, no.

14 Q Did David Miscavige represent to you at that  
15 time that he was transmitting communications to Mr. Hubbard?

16 MR. HARRIS: I will object. That calls for hearsay  
17 and also a conclusion about what a representation is.

18 THE COURT: Overruled.

19 THE WITNESS: No, he didn't represent it to me one way  
20 or the other.

21 Q BY MR. FLYNN: At that time was David Miscavige  
22 notarizing documents that were transmitted to you, Mr. Spurlock,  
23 in which he notarized Mr. Hubbard's name?

24 MR. HARRIS: I will object as irrelevant, Your Honor.

25 THE COURT: Well, overruled. If you know, you can  
26 answer.

27 THE WITNESS: I have seen his notary on documents,  
28 yes.



1 Q BY MR. FLYNN: And that was between May 1982  
2 and February 1983; is that correct?

3 A I have seen his notary on documents.

4 THE COURT: I think the question had to do with  
5 documents that were signed by L. Ron Hubbard.

6 THE WITNESS: Right, but I don't know about the time  
7 period.

8 Q BYMR. FLYNN: Well, after you began work at  
9 Author Services Inc., you saw David Miscavige's notary  
10 notorizing L. Ron Hubbard's signature; is that correct?

11 A That is correct.

12 Q And did you understand Mr. Miscavige to be  
13 in the presence of L. Ron Hubbard when that was done?

14 MR. HARRIS: Well, Your Honor, "understand." I  
15 will object to that.

16 THE COURT: I will sustain the objection.

17 Q BY MR. FLYNN: Did you rely as a deputy  
18 executive director for Author Services Inc. on that  
19 notorization?

20 MR. HARRIS: I will object to that as irrelevant,  
21 Your Honor.

22 THE COURT: Well I will sustain the objection.

23 Q BY MR. FLYNN: You know that David Miscavige  
24 was the head of the Commodore's Messenger Org at some time,  
25 Mr. Spurlock; is that correct?

26 A No, I don't know that at all.

16 ' 1 Q Did you know him to be a Commodore's Messenger  
2 or member at some time, Mr. Spurlock?

3 A Yes, I did.

4 Q Did you know him to have worked directly for  
5 L. Ron Hubbard prior to February, 1980?

6 A February, 1980? No. I know he worked for the  
7 Commodore's Messenger Org prior to February, 1980.

8 Q Did you know he worked in the presence of L. Ron  
9 Hubbard prior to 1980 as a Commodore's Messenger Org or  
10 member?

11 A Yes.

12 Q Is it fair to say that since February, 1980 it  
13 has been routinely accepted that David Miscavige as been the  
14 communications link to L. Ron Hubbard?

15 MR. HARRIS: I'll object to that, Your Honor. It has  
16 three problems.

17 One, it is ambiguous.

18 Two, it calls for some collective reputation --

19 THE COURT: I'll sustain the objection. It is too  
20 broad.

21 Q BY MR. FLYNN: Since May, 1982 and up to February,  
22 1983, February 3rd, 1983, how many documents have you seen  
23 with the notarized signature of L. Ron Hubbard on them?

24 MR. HARRIS: I'll object. Irrelevant.

25 THE COURT: I'll sustain the objection.

26 MR. FLYNN: I submit, Your Honor, it goes to  
27 availability.

28 THE COURT: I think it is kind of a futile gesture,

1 counsel.

2 I'll sustain the objection.

3 Q BY MR. FLYNN: Do your duties as Deputy Executive  
4 Director of Author Services Inc. overlap with your duties  
5 regarding the Church of Spiritual Technology in connection  
6 with the supervision of the Hubbard Archives?

7 A In what sense?

8 Q In any sense.

9 A I don't understand the question.

10 Q Have you done anything to protect the archives  
11 since November, 1981 as an asset of L. Ron Hubbard?

12 A Not specifically, no.

13 Q Generally?

14 A Generally, I am interested in the protection of  
15 the archives.

16 Q As assets of L. Ron Hubbard?

17 A As priceless historical scriptures of the Church  
18 of Scientology.

19 Q And not as assets of L. Ron Hubbard; is that your  
20 testimony?

21 MR. HARRIS: In which role? That is the problem. It  
22 is ambiguous, Your Honor.

23 MR. FLYNN: That is the problem, Your Honor. He has  
24 dual roles.

25 THE COURT: Did you have anything to do with the filing  
26 of this lawsuit?

27 THE WITNESS: No, sir.

28 Q BY MR. FLYNN: Mr. Spurlock, in any way in

1 connection with your duties as Deputy Executive Director of  
2 Author Services Inc. or in connection with your duties  
3 regarding the Church of Spiritual Technology have you sought  
4 to protect the archives of L. Ron Hubbard that Gerald  
5 Armstrong collected, the personal archives --

6 MR. HARRIS: I'll object to that as multiple,  
7 compound --

8 MR. FLYNN: I haven't finished.

9 MR. HARRIS: Then it is continuing compound.

10 THE COURT: I don't have any problem with it up to this  
11 point. I haven't heard the rest of it.

12 Q BY MR. FLYNN: Have you sought to protect in  
13 those two roles?

14 THE COURT: I don't know what you mean by "sought to  
15 protect." Bring a lawsuit?

16 MR. HELLER: I was conferring with the witness to see  
17 if he understood what that meant.

18 Q BY MR. FLYNN: You are an accountant,  
19 Mr. Spurlock?

20 A That is correct.

21 Q On any accounting documents have you treated the  
22 archives in the possession of the Church of Spiritual  
23 Technology, the personal archives that Mr. Armstrong  
24 collected, in any way as an asset of L. Ron Hubbard?

25 MR. HARRIS: I'll object, Your Honor, as vague and  
26 ambiguous.

27 What accounting documents?

28 THE COURT: I assume that if he is talking about the

1 Church of Spiritual Technology, he would only be dealing in  
2 theory with the assets of the Church of Spiritual Technology,  
3 not the, "assets of L. Ron Hubbard" unless they are  
4 intermingled in some fashion.

5 Q BY MR. FLYNN: Are they intermingled in some  
6 fashion, Mr. Spurlock?

7 MR. HARRIS: "They" meaning the legal question of the  
8 ownership of individual documents, Your Honor, or what?

9 I'll object as ambiguous.

10 THE COURT: I'll sustain the objection.

11 Q BY MR. FLYNN: Mr. Spurlock, you earlier  
12 testified that who owns what with regard to the documents  
13 in the archives has not yet been sorted out; is that  
14 correct?

15 A That is correct.

16 Q So it is your understanding that some of those  
17 are owned by L. Ron Hubbard and some of those may be owned  
18 by some churches; is that correct?

19 A That is right.

20 Q Who has been working on sorting that out?

21 MR. HARRIS: Objection. It assumes a fact not in  
22 evidence, that somebody has.

23 THE COURT: Sustained.

24 Q BY MR. FLYNN: Do you know if anyone has been  
25 working on sorting it out?

26 A Not a present time project, no.

27 Q Well, in the past two years has it been a  
28 project?

1           A       Not to my knowledge.

2           THE COURT: Do you hold a post in the Sea Org?

3           THE WITNESS: I don't. Sea Org isn't a post per se.

4           THE COURT: You don't have a post within the Sea Org?

5           THE WITNESS: No, sir. I have a rank. I have a  
6 standing, but not a post.

7           THE COURT: What is your rank and standing?

8           THE WITNESS: My standing would be a Sea Org member  
9 in good standing with the Sea Org. My rank is lieutenant.

10          Q       BY MR. FLYNN: Now, Author Services Inc. collects  
11 all the income for Mr. Hubbard; is that correct?

12          MR. HARRIS: Objection. Irrelevant.

13          THE COURT: Sustained.

14          Q       BY MR. FLYNN: In April, 1982, Mr. Wilhite --  
15 Mr. Spurlock, did you meet with Mr. Wilhite?

16          A       Not that I recall.

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1 Q Did you have any conversations with a  
2 Mr. Wilhite?

3 A Not that I recall.

4 Q Do you know of Virgil Wilhite?

5 A I know of a Virgil Wilhite. I don't know if  
6 I'd know him to see him.

7 Q Are you an attorney?

8 A No, I am not.

9 Q Prior to April 1982 did you meet with Mr. Wilhite?

10 THE COURT: If you know.

11 THE WITNESS: Not to my recall.

12 Q BY MR. FLYNN: Have you ever met with Mr. Wilhite?

13 A Not to my recall.

14 Q Have you ever talked to Mr. Wilhite on the  
15 phone?

16 A Not to my recall.

17 Q In the spring of 1982 did certain photographs  
18 come into your possession that were in the custody of  
19 Mr. Armstrong?

20 A Certain photographs crossed my desk. I don't  
21 know if they came into my possession or not.

22 Q And when did they cross your desk?

23 A First few months in 1982.

24 Q Where was your desk at the time?

25 A At the Cedars Complex.

26 THE COURT: Were they just blowing in the wind as  
27 they flew by?

28 THE WITNESS: I didn't know what the word "possession"

7-2

1 meant. Somebody showed them to me. They were laying on my  
2 desk for a few minutes. I looked at them.

3 THE COURT: Fine.

4 Q BY MR. FLYNN: And your position at that time  
5 was R accounts or were you working for Author Services Inc.?

6 A I believe that was before Author Services  
7 Inc. was activated.

8 Q Author Services Inc. was activated in May  
9 1982?

10 A March, April, May, somewhere in there.

11 Q And who brought them to your desk?

12 A I believe it was Ron Pook.  
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1 Q And where did Mr. Pook get them if you know?

2 A I don't know.

3 Q And what did you do with them?

4 A I looked at them.

5 Q What else did you do?

6 A I handed them over to somebody else.

7 Q To whom, Mr. Spurlock?

8 A I think it was Terry Gamboa.

9 Q And what was Terry Gamboa's position at  
10 that time?

11 A She was working on a special project.

12 Q What project was that?

13 A Called Special Project.

14 Q What did that project relate to?

15 A Sorting out the GO, getting rid of the  
16 criminals.

17 Q Did she succeed?

18 A I believe so.

19 Q One of the criminals was Mary Sue Hubbard?

20 A She went to jail.

21 THE COURT: That wasn't the question.

22 MR. LITT: I am going to object, Your Honor.

23 Mrs. Hubbard had resigned her position as she testified well  
24 before the events that are being discussed here.

25 THE COURT: Maybe so. The question was was Mary Sue  
26 Hubbard one of those, if you know.

27 THE WITNESS: I only know what happened at the trials.

28 THE COURT: Well, you said -- well, people who are

1 criminals are only those who are convicted; is that what  
2 you are saying?

3 THE WITNESS: I think maybe I better clarify it. It  
4 is a broader term in Scientology.

5 THE COURT: That is what I thought.

6 THE WITNESS: Criminal in Scientology would basically  
7 be defined as somebody who wants something for nothing, so  
8 to the degree that somebody was a -- shirked his duties,  
9 was lazy or did not fulfill his obligations as a staff  
10 member, was letting the group down, he might be considered  
11 a criminal in a much broader context and a more philosophical  
12 context than the law defines a criminal.

13 THE COURT: All right.

14 Q BY MR. FLYNN: And the wife of L. Ron  
15 Hubbard who had worked for the organization for 30 years  
16 was considered such by you, Mr. Spurlock?

17 MR. HARRIS: Well, objection. It is irrelevant what  
18 he considered it.

19 This line of questioning went to what was  
20 Terry Gamboa doing.

21 THE COURT: I will sustain the objection.

22 Q BY MR. FLYNN: Now, Miss Gamboa, does she  
23 currently work for Author Services Inc.?

24 A Yes, she does.

25 Q And prior to working for Author Services Inc.  
26 do you know what her position was?

27 A She worked on the special project.

28 Q And you know her to be the ex-wife of

1 Gerald Armstrong; is that correct?

2 A Yes.

3 Q Did you have any conversations with Miss Gamboa  
4 as to what she did with the photographs after you gave them  
5 to her?

6 A No.

7 Q Now at that time in the special project was  
8 she working for R accounts or was she working for the  
9 Church of Scientology of California?

10 A I don't have any personal knowledge of that.

11 Q Did she begin work for Author Services, Inc.  
12 about the same time you did?

13 A When Author Services, Inc. was activated, she  
14 came into Author Services, Inc., right.

15 Q And so that was in, as you have stated it,  
16 March, April, May 1982; is that correct?

17 A Somewhere in that vicinity.

18 Q So at the time the photographs came into her  
19 possession she was working for Author Services, Inc. for  
20 L. Ron Hubbard?

21 A I don't know.

22 MR. HARRIS: I will object to the question.

23 THE COURT: All right, sustain the objection.

24 Q BY MR. FLYNN: Did you issue any orders with  
25 respect to the photographs?

26 A No, it wasn't really my area. The answer is  
27 no.

28 THE COURT: Was there anything said while they were

1 showing these pictures to you?

2 A Ron Pook told me that Armstrong wanted to sell  
3 these through Virgil Wilhite at the Flag land base.

4 THE COURT: Well, what did you say?

5 THE WITNESS: I thought it was outrageous.

6 THE COURT: What else did you say?

7 THE WITNESS: I said I didn't want it to happen. I  
8 mean, that is my recall, my feelings at that time.

9 THE COURT: Anybody else say anything at the time?  
10 I take this statement of yours was not an order on your part  
11 to anybody?

12 THE WITNESS: Expression of personal outrage.

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18 ' 1 THE COURT: In the form of a question not to return  
2 to Mr. Armstrong?

3 THE WITNESS: No. I think this was Ron Pook's and my  
4 conversation about him at the time.

5 Q BY MR. FLYNN: Did you agree with either Mr. Pook  
6 or Miss Gamboa that the photographs should not be returned  
7 to Mr. Armstrong?

8 MR. HARRIS: I object to that as assuming a fact not  
9 in evidence.

10 THE COURT: Sustained as to the form of the question.

11 Q BY MR. FLYNN: In this conversation you had with  
12 Mr. Pook did the two of you reach an understanding that the  
13 photographs should not be returned to Mr. Armstrong?

14 A I don't think we reached an understanding at all  
15 at that point.

16 Q Did Mr. Pook represent to you where the  
17 photographs came from?

18 MR. HARRIS: "Represent," Your Honor?

19 If he had a conversation, that is fine. But I'll  
20 object to representation as vague and ambiguous.

21 THE COURT: He understood the word in the previous  
22 question; so you can answer it.

23 THE WITNESS: He told me that he got them from Virgil  
24 Wilhite.

25 Q BY MR. FLYNN: Was anything said in the  
26 conversation with either Mr. Pook or --

27 THE COURT: Did you mean to say Virgil Wilhite, or  
28 Mr. Armstrong?

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1 THE WITNESS: Virgil Wilhite.

2 Q BY MR. FLYNN: Was there anything said in the  
3 conversation that you had either with Miss Gamboa -- let's  
4 start with her first -- the conversation with Miss Gamboa  
5 was something said that the photographs came from the  
6 archives?

7 MR. HARRIS: That assumes that there was a conversation  
8 with Miss Gamboa.

9 The conversation was with Pook as far as I can  
10 tell.

11 Q BY MR. FLYNN: Did you have a conversation with  
12 Miss Gamboa?

13 A I don't believe so.

14 Q You just gave her the photographs?

15 A I may not have given them to her directly. I  
16 believe I handed them to Pook and said, "Take them to  
17 Terry."

18 I don't know. It was not a very significant  
19 event at the time.

20 Q It was not a very significant event, but you were  
21 outraged; is that correct, Mr. Spurlock?

22 THE COURT: Well, it is sort of argumentative, counsel.

23 Q BY MR. FLYNN: With regard to Mr. Pook did you  
24 have a conversation with Mr. Pook as to whether the  
25 photographs came from the archives?

26 A No, I didn't.

27 THE COURT: Do you know where the photographs are  
28 today?

1 THE WITNESS: No, I don't.

2 THE COURT: When was the last time you knew?

3 THE WITNESS: Whenever it happened in 1982. It was  
4 just a few minutes that they were on my desk.

5 Q BY MR. FLYNN: In connection with your testimony  
6 here today have you met with Mr. Harris?

7 A Yes.

8 Q Have you been referred to as Warrant Officer Lyman  
9 Spurlock?

10 A Yes, I have.

11 Q Was that in November, 1982 after you were working  
12 for Author Services Inc.?

13 A Yes.

14 Q And at that time were you acting as the Corporate  
15 Affairs Director of the Church of Scientology?

16 A No, I wasn't.

17 Q And were you referred to as the Corporate Affairs  
18 Director at that time?

19 THE COURT: If you know.

20 THE WITNESS: At the mission holders event I was  
21 introduced as Corporate Affairs Director.

22 Q BY MR. FLYNN: And did you give a speech in  
23 connection with the sorting out of corporate affairs of the  
24 Church of Scientology in November, 1982?

25 A Yes, I did.

26 Q Now, at the time, Mr. Spurlock, in connection  
27 with your title Corporate Affairs Director at this mission  
28 holders meeting was it your view that the corporations which

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1       comprised the corporations of the Church of Scientology  
2       were a bunch of whole spaghetti?

3             A       My -- I can answer that.

4                     My view was that prior to 1981 the corporation  
5       Church of Scientology of California had become unduly complex  
6       because it had numerous diverse ecclesiastical subunits within  
7       it.

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1 Q And was it your view at that time that in  
2 order to make the corporate structure impregnable in regards  
3 to the IRS, to change the structure of those sub-units as  
4 you just testified?

5 MR. HARRIS: His personal opinion, Your Honor, or what  
6 he said?

7 THE COURT: Well, I don't know. Personal view;  
8 was that your question? Personal view?

9 Q BY MR. FLYNN: As corporate affairs director  
10 or having that title at the time, was it your view that the  
11 restructuring of the sub-units as you put it was to make the  
12 whole structure impregnable, especially as regards to the  
13 IRS?

14 A Sure.

15 THE COURT: What did you mean by that?

16 THE WITNESS: There had been a history of difficulty  
17 communicating the corporate structure of the church to the  
18 IRS because there was this confusing Church of Scientology  
19 sitting in the middle of it in order to clarify the  
20 ecclesiastical versus the corporate structure. In other words,  
21 what the ecclesiastical lines of authority were and how they  
22 related to the organization in order to communicate it  
23 better to the IRS, it was necessary to present a clear  
24 corporate structure to the IRS which was one of the goals  
25 of the sort-out which was an outgrowth of MCCS.

26 Q BY MR. FLYNN: When you gave this speech, you  
27 referred to an outline structure of the Church of Scientol-  
28 ogy and an outline structure of the new corporate structure

1 which would be impregnable to the IRS.

2 A "Impregnable to the IRS" is one comment in  
3 this whole thing. The whole thing was to sort it out so  
4 it makes sense.

5 Q The question is, Mr. Spurlock, did you use  
6 these two outlines for the structure as it existed and the  
7 structure as it was changed?

8 A That's right.

9 Q And that was in November 1982; is that correct?

10 A That was the date of my speech or October or  
11 November 1982.

12 Q And that was the date that you used the two  
13 structures that I have placed in front of you; is that correct?

14 MR. HARRIS: Could we have that marked?

15 MR. FLYNN: May that be marked as next in order.

16 THE COURT: The whole works or just the two pages?

17 MR. FLYNN: Why don't we mark the two pages.

18 MR. HARRIS: Why don't we mark the whole bunch, Your  
19 Honor.

20 MR. FLYNN: Fine with me.

21 THE COURT: Quadruple E.

22 MR. FLYNN: I will offer it into evidence.

23 MR. HARRIS: I have an objection at this point.  
24 When I get finished, I might not, Mr. Flynn.

25 THE COURT: We will defer ruling on it.

26 Q BY MR. FLYNN: With regard to chart 1,  
27 that laid out the structure of the organization before  
28 making it impregnable to the IRS; is that correct?

1           MR. HELLER: Well, if, in fact, there is not going  
2 to be an objection from the Church of Scientology, I am  
3 going to have to speak up. That is a statement taken out of  
4 context which has not been identified.

5           He can be asked very simply whether this is the  
6 structure that existed prior to 1982.

7           MR. HARRIS: I will adopt that.

8           THE COURT: I will have to sustain the objection of  
9 the church.

10          Q        BY MR. FLYNN: Well, you adopted the statement,  
11 Mr. Spurlock, that it was to make it impregnable to the  
12 IRS?

13          MR. LITT: Asked and answered.

14          THE WITNESS: No, I made that statement, but it is  
15 like you are trying to twist it around to, "Do you still  
16 beat your wife?"

17                The question implies to me that prior to this  
18 corporate sort-out the Church of Scientology was vulnerable  
19 to the IRS, the corporate structure was vulnerable to the  
20 IRS, and I am not conceding that at all.

21          Q        BY MR. FLYNN: Mr. Spurlock, I am simply  
22 using your words.

23          THE COURT: Let's go on to a different question.

24          Q        BY MR. FLYNN: With regard to chart 1, was  
25 that the structure which you spoke about in November 1982 as  
26 being a structure that had existed prior to the sort-out?

27          A        Yes.

28          Q        And with regard to chart 2, was that the

1 structure after the sort-out?

2 A That is correct.

3 Q Now in chart 1 there is no notation under  
4 Church of Scientology of California for any group called the  
5 Personal Office of L. Ron Hubbard; is there?

6 A Not on that chart, no.

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1 Q And there is no notation for the Housekeeping  
2 Unit or the Household Unit; is there?

3 A Not in that chart, no.

4 Q Nor is there a notation for a unit called PDOI;  
5 is there?

6 A Not on this chart, no.

7 If you'll read the text of my speech, Mr. Flynn,  
8 you'll find that I was on the blackboard drawing these in.  
9 And I did this for purposes of illustration of how many  
10 ecclesiastical units were contained within CSC.

11 At the end of that I said, "I have run out of  
12 room, but I haven't run out of Orgs."

13 So the fact that those are omitted here does not  
14 mean that they are not contained within the Church of  
15 Scientology of California which, per my understanding, they,  
16 indeed, were.

17 Q This was subsequently typed up and distributed  
18 throughout the world, was it not, Mr. Spurlock?

19 MR. HARRIS: "This" referring to the whole of the  
20 exhibit?

21 MR. FLYNN: The whole of the exhibit.

22 THE WITNESS: Yes.

23 Q BY MR. FLYNN: Let me ask you a question about  
24 whether or not the document that you have in front of you  
25 is a full transcription of everything that was said at this  
26 speech or was it edited?

27 A I don't know.

28 Q Did you play any role of any nature or description

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1 in any editing process?

2 A No. I may have -- I may have been asked to check  
3 my speech for typos or something, but I didn't edit it.

4 Q And with regard to Chart No. 2, there is no  
5 notation in Chart 2 with regard to the personal office of  
6 L. Ron Hubbard; is that correct?

7 A That is correct.

8 Q And there is no notation in Chart 2 with regard  
9 to the Housekeeping Unit or the Household Unit or PDOI; is  
10 that correct?

11 A That is correct.

12 Q Now, were you present throughout the speeches  
13 of Mr. Miscavige and Mr. Marlowe?

14 A Yes, I was.

15 Q Was Mr. Miscavige -- incidentally, Mr. Heller  
16 spoke at that meeting; is that correct?

17 A That is correct.

18 Q And at that meeting Mr. Heller stated that the  
19 trademarks of L. Ron Hubbard had been donated to the Religious  
20 Technology Center; is that correct?

21 A That is correct.

22 Q Did you play any role in the donation of those  
23 trademarks, Mr. Spurlock?

24 A Yes.

25 Q And did you see a notarized document from  
26 Mr. Hubbard donating the trademarks?

27 A Yes, I did.

28 Q What was the date on the notarized statement?

1 A May 12, I believe.

2 Q Of 1982?

3 A That is right.

4 Q Now, Mr. Hubbard executed a will in May of 1982;  
5 did he not?

6 MR. HARRIS: I object to that as irrelevant.

7 THE COURT: I'll sustain the objection.

8 Q BY MR. FLYNN: Did you agree with Mr. Marlowe  
9 and Mr. Miscavige that the Religious Technology Center had  
10 assumed control over Churches of Scientology throughout the  
11 world?

12 MR. HARRIS: I'll object to that question, Your Honor,  
13 as assuming a fact not in evidence, number one.

14 Number two, the agreement -- I don't know what  
15 that means. Did they all sit around and say "I agree, I agree,  
16 I agree," or whatever it is. It is ambiguous.

17 THE COURT: I'll sustain the objection.

18 Q BY MR. FLYNN: Mr. Spurlock, during the speech  
19 of Mr. Miscavige and Mr. Marlowe do you recall that the new  
20 leadership in Scientology was referred to as a bunch of  
21 ruthless Sea Org members?

22 MR. HARRIS: I'll object to that, Your Honor, as  
23 hearsay.

24 THE COURT: Sustained.

25 Q BY MR. FLYNN: In November, 1982 to your  
26 knowledge was there a new breed of management in the Church  
27 of Scientology who were ruthless?

28 MR. HARRIS: Is it calling for an opinion, Your Honor,

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1 or a conclusion, or his state of mind? I'm not sure which --  
2 or the fact which would be very --

3 THE COURT: I assume it is his opinion.

4 THE WITNESS: I'd like Mr. Flynn to explain what he  
5 means by "ruthless," what he means by "ruthless," and what  
6 he is trying to impress you by "ruthless."

7 Q BY MR. FLYNN: On page 7 of the speech of your  
8 colleague Mr. Marlowe --

9 Mr. Marlowe is one of your colleagues; is he  
10 not?

11 A I know Steve Marlowe.

12 Q Did you agree with Mr. Marlowe that the fact of  
13 the matter was you had a new breed of management in the  
14 Church; they are tough; they are ruthless --

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1 MR. HARRIS: Well, again, "agreement," Your Honor, is  
2 ambiguous. If he is calling for his state of mind or  
3 opinion, that is fine if it is relevant.

4 THE COURT: I will let him answer.

5 THE WITNESS: I will answer with one point of  
6 clarification.

7 The term "ruthless" when it refers to a Sea  
8 Org member or Scientologist, it means somebody who is  
9 unreasonable about applying the scriptures exactly as  
10 opposed to somebody who is waffling and open-minded about  
11 whether or not Scientology technology and administrative  
12 policy should be followed, so to that degree, yes, I agree  
13 there was a new ruthless breed of management.

14 THE COURT: Well, you say "scriptures." What are  
15 scriptures?

16 THE WITNESS: Those are the writings and recorded word of  
17 L. Ron Hubbard with respect to Scientology.

18 THE COURT: What about policy memorandums or letters?

19 THE WITNESS: Policy is part of the scriptures.

20 THE COURT: Well, for example, the policy of 1967  
21 relating to conditions and penalties, was that a scripture?

22 THE WITNESS: That would be a scripture.

23 THE COURT: And the 1968 policy memorandum relating  
24 to removal of some of those penalties as it related to  
25 non-suppressed persons, was that also scripture?

26 THE WITNESS: Yes.

27 THE COURT: So, ruthless, and following that would  
28 be somebody who literally follows the scriptures to the T;

1 is that right?

2 THE WITNESS: Yes. But the scriptures as a wide  
3 body of materials, yes.

4 THE COURT: All right.

5 Q BY MR. FLYNN: And with regard to the scriptures,  
6 a violation of the scriptures would ultimately make the  
7 person who violated subject to criminal prosecution,  
8 Mr. Spurlock?

9 THE COURT: You mean within the church?

10 THE WITNESS: Depends on what scripture he violated.

11 Q BY MR. FLYNN: Well, with regard to the  
12 scriptures that were embodied in the trademark, was everyone  
13 at the meeting told that they would be civilly and criminally  
14 prosecuted for violating those religious scriptures?

15 MR. HARRIS: Wait a minute. Just a minute. That  
16 assumes a fact not in evidence and it is also a little  
17 crazy that the scriptures would be incorporated in the  
18 trademark.

19 THE COURT: I assume Mr. Flynn has something in the  
20 speech. If you have something specific --

21 Q BY MR. FLYNN: With regard to page 2 in the  
22 speech of Mr. Heller, your lawyer here today, Mr. Spurlock,  
23 was it your understanding that if the religious scriptures  
24 as embodied in the trademarks were violated, there would  
25 be civil and criminal sanctions?

26 MR. HARRIS: I will object as to his understanding  
27 as irrelevant.

28 THE COURT: I don't understand the relevance of it.

1 I will sustain the objection.

2 MR. FLYNN: Well it has to do with whether they are  
3 scriptural or religious if they are making them subject to  
4 criminal prosecution.

5 MR. HARRIS: Well, trademarks, Your Honor, the  
6 subject of trademarks, you have an obligation as an owner  
7 or holder of the trademark to insure the integrity and  
8 quality of the services delivered and the like, and if you  
9 violate; that is, infringe the trademarks at that point you  
10 can seek a civil injunction. If the person violates it  
11 again, he goes to jail and a judge puts him there, and if  
12 that is what Mr. Flynn means, then I will stipulate that if  
13 somebody infringes upon trademarks, there is a possible  
14 criminal penalty. That is a legal matter.

15 THE COURT: I am not really sure what it has to do  
16 with this lawsuit.

17 MR. FLYNN: I will withdraw it, Your Honor. I have  
18 one more question.

19 Q Is the scripture of the Church of Scientology.  
20 y that you referred to as embodied in the writings of  
21 L. Ron Hubbard trademarked, Mr. Spurlock, to your knowledge?

22 A I believe the scriptures are copyrighted,  
23 Mr. Flynn.

24 Q Well, do any part of the trademarks that are  
25 referred to in the last exhibit that has been marked  
26 constitute scripture?

27 MR. HARRIS: Well, I will object to the question  
28 as unintelligible, Your Honor.

1 THE COURT: Well --

2 THE WITNESS: I have --

3 THE COURT: I don't know what you refer to "trademarked."  
4 I assume that is something that is marketed publicly?

5 MR. FLYNN: Correct.

6 THE WITNESS: Trademarks are the symbols, the words  
7 and symbols of the religion. It is the eight-pointed  
8 cross. It is an S in the double triangle. I don't have any  
9 examples of them here. Those are in my mind very distinct  
10 from scriptures.

11 THE COURT: All right.

12 MR. FLYNN: I have nothing further.

13 THE COURT: Mr. Litt?

14 MR. LITT: Mr. Harris is going to examine.

15 THE COURT: Mr. Harris?

16 MR. HARRIS: Yes, thank you, Your Honor.

17

18 CROSS-EXAMINATION

19 BY MR. HARRIS:

20 Q Mr. Spurlock, how did it happen that you got  
21 into the Sea Organization?

22 A The short story or the long story?

23 THE COURT: Shore or short?

24 Q BY MR. HARRIS: Who recruited you? Let's put  
25 it that way.

26 A Laurel Sullivan, Richard Cohen and Janice  
27 Gillam.

28 Q And did you speak personally with Laurel Sullivan

1 about joining the Sea Organization?

2 A Yes, I did.

3 Q And what did Miss Sullivan tell you at that  
4 time about joining the Sea Organization?

5 A She persuaded me that it was a higher purpose  
6 than what I was doing, that it would be a very good thing  
7 to do. She was recruiting me.

8 Q And did you join the Sea Organization pursuant  
9 to what she told you?

10 A Among other things.

11 Q What was your purpose in joining the Sea  
12 Organization?

13 MR. FLYNN: Object, Your Honor; irrelevant.

14 THE COURT: I am inclined to sustain the objection.  
15 It seems to me that we'd be opening the door to all sorts  
16 of further problems. I am sure the witness joined it in  
17 good faith and still belongs in good faith, believing in  
18 its goals.

19 Q BY MR. HARRIS: Well, when did you join the  
20 Sea Organization, Mr. Spurlock?

21 A 1977.

22 Q And what had you been doing prior that?

23 A I was a public Scientologist taking courses at  
24 night and on weekends and I had a CPA practice.

25 Q All right. Now, showing you what has been  
26 marked plaintiff's exhibit 29, let me ask you if you have  
27 previously seen that item?

28 A Yes, I believe I have seen this before.

1 Q Now, directing your attention to the last page  
2 of exhibit 29, I'm going to ask you if at the Mission Holders  
3 Conference the chart -- the last exhibit, Your Honor --

4 You indicated that the chart that is attached  
5 to exhibit EEEE was incomplete?

6 A Yes.

7 That is also the text of my speech which is  
8 earlier in this exhibit.

9 Q Directing your attention to Plaintiff's exhibit 29,  
10 up under "C of S of C," will you take a look at that and see  
11 if that incorporates the items that Mr. Flynn questioned you  
12 about?

13 A Yes, it does.

14 Q PDOI is there?

15 A PDOI is here.

16 Q HU?

17 A Yes, it is.

18 Q Prior to -- strike that.

19 When was this reorganization? When did it  
20 actually occur?

21 A In late 1981.

22 Q And prior to the reorganization does exhibit 29,  
23 the last page up at the top where it says "C of S of C," of  
24 encompass all of the ecclesiastical units that were housed  
25 in the Church of Scientology of California?

26 A Do you mean is this a complete list?

27 Q Yes.

28 A I believe it is, but I don't -- let me look at

12-2  
1 it a little. There may be some minor ones missing.

2 I don't see the Cadet Org or -- yes. It is.  
3 Yes. It is probably complete.

4 Q Okay. And directing your attention back to the  
5 Chart on exhibit EEEE, which is Chart 2, I note that RTC is  
6 at or above, at least, Church of Scientology International;  
7 was that depiction, by the way, drawn by you?

8 A Yes, it was.

9 Q And what was -- is Religious Technology Center  
10 above Church of Scientology International?

11 A On purposes of policing the use of the trademarks,  
12 yes, it is.

13 Q There have been mentions of a lot of acronyms  
14 in this trial; WDC; what is that?

15 A Watch Dog Committee.

16 Q And what is its position in the ecclesiastical  
17 hierarchy of the church?

18 A It is the senior ecclesiastical body within the  
19 hierarchy within the corporation Church of Scientology  
20 International.

21 Church of Scientology International is the mother  
22 church.

23 Q Church of Scientology International was the mother  
24 church as of what time?

25 A As of late 1981.

26 Q And prior to that what had been the mother  
27 church?

28 A Church of Scientology of California.

2--3  
1 Q CMO Int; what does that stand for?

2 A Commodores Messengers Organization International.

3 Q What is that?

4 A Another ecclesiastical unit within the Church  
5 of Scientology of California.

6 THE COURT: How do you define "ecclesiastical" in that  
7 sense?

8 THE WITNESS: Because they deal with matters pertaining  
9 to the conduct of a religion. That is what their duties  
10 are.

11 THE COURT: What about the Household Unit; is that an  
12 ecclesiastical unit?

13 THE WITNESS: I would say so.

14 THE COURT: How does that deal with the religious  
15 aspects? In what way?

16 THE WITNESS: Well, providing facilities for the  
17 founder so he can be on the premises.

18 THE COURT: Which premises?

19 THE WITNESS: In this case, I think Gilman Hot Springs.  
20 Earlier than that, La Quinta.

21 It would be something the church would want to  
22 do for its own benefit.

23 THE COURT: Would there be some inurement problem to  
24 that?

25 THE WITNESS: I don't believe so.

26 THE COURT: Go ahead.

27 Q BY MR. HARRIS: Well, is there any relationship  
28 between what you have termed the ecclesiastical units and



4-4  
1 a corporation?

2 A Distinction? Oh, yes.

3 Q What is the distinction?

4 A One corporation can house many ecclesiastical  
5 units. And each one of these units is self-contained and  
6 deals with other ecclesiastical units on what is called an  
7 organizing board.

8 Q An organizing board is what?

9 A It is a pattern of organization that is common  
10 to the various Churches of Scientology and the Orgs.

11 Q What is an Org? What does that mean?

12 A It can mean organization. That is generally  
13 referred to -- the word "Org" generally refers to an  
14 ecclesiastical body.

15 Q Within Scientology, you are talking about?

16 A That's right.

17 Q As opposed to a corporation?

18 A Right.

19 MR. HARRIS: Your Honor, I have something which is  
20 titled "Seven Division Org Board." May that be marked  
21 Plaintiff's next in order?

22 THE COURT: 84.

23 Q BY MR. HARRIS: I am going to direct your  
24 attention to what has been marked exhibit 84 and ask you what  
25 that depicts.

26 A That depicts all of the various functions that  
27 make up an ecclesiastical unit.

28 Q Okay. Now, is this Org Board as it is indicated

2 3  
1 here which looks like it has the date 1973? Does that appear  
2 to be essentially the same up to the end of 1981? In other  
3 words, at the end of 1981 was this exhibit 84 what an Org  
4 Board would look like?

5 A Yes, generally.

6 Q What about the Guardian Worldwide here?

7 A The Guardian -- sometime in 1981 the Guardian  
8 was removed.

9 Q And what happened to the Guardian's Office?

10 A It was later disbanded.

11 Q All right. Now, within exhibit 84 the founder  
12 is up at the top here in a box; that is L. Ron Hubbard, I  
13 take it?

14 A Yes, sir.

15 Q And was this Executive Director here, is that  
16 a corporate post?

17 A No. That is an ecclesiastical post.  
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1 Q And how about HCO Exec Sec?

2 A That is an ecclesiastical position.

3 Q An Org Exec Sec?

4 A Yes.

5 Q Does that Sec stand for secretary?

6 A Yes.

7 Q And Exec, executive?

8 A Executive.

9 Q An Org, organization?

10 A Right.

11 Q What about HCO?

12 A Hubbard Communications Office.

13 Q And what do these units down at the bottom, what  
14 do they do?

15 A They perform various functions having to do with  
16 the running of the ecclesiastical units.

17 Q Well in this particular case does this depict  
18 where the public would come for Scientology services?

19 A It could.

20 Q Well, how about -- assuming this is a series Org,  
21 they would come in either here in Div 6 and then cycle around  
22 through -- Division 6 -- make their donation, get their  
23 services in Div 4, get their -- either get corrected or  
24 verified that they had completed their services in Division 4  
25 and Division 5, and they'd come out there in Div 6 and become  
26 a field staff member and cycle back through the Org. It sort  
27 of has a flow to it.

28 Q Okay, and what is the purpose of the Service

1 Organization, if that is what is depicted here?

2 A To deliver auditing and training to the public.

3 Q And what is auditing?

4 A Auditing is the central sacrament of the church.  
5 A minister who is trained in the technology asks questions  
6 of another in order to guide him to new levels of awareness,  
7 get him to find out things about himself that he didn't know  
8 previously.

9 Q And training?

10 A Training is to train somebody to become an auditor  
11 generally although it could be training in the administrative  
12 technology as well.

13 Q Now, what you have there is a Service Organization  
14 or depiction of a Service Organization in Plaintiff's 84.  
15 I am still somewhat confused.

16 Does that depict a Service Organization which  
17 gives auditing and training?

18 A Yes, it does.

19 Q And if you had another ecclesiastical unit such  
20 as, for example, the Exec Strata which is listed on  
21 exhibit EEEE, Chart 2, would that also be organized in the  
22 same fashion as exhibit 84?

23 A Yes. Things might be adjusted a little bit to  
24 fit the exact functions of that ecclesiastical entity, but  
25 it would fit on an Org Board very similar to this.

26 MR. HARRIS: I have another exhibit, Your Honor, Church  
27 of Scientology Ecclesiastical Structure. May that be marked  
28 exhibit 85?

1 THE COURT: Yes, 85.

2 Q BY MR. HARRIS: Let me direct your attention to  
3 exhibit 85 and ask you if you recognize that?

4 A Yes, I do.

5 Q Okay. Church of Scientology International is  
6 the mother church?

7 A That is the corporation which acts as a mother  
8 church.

9 Q Okay, and it contains the items that this box  
10 on exhibit 85 up at the top middle contain?

11 A Yes, it does.

12 Q And you have got again CBC and CMO Int there,  
13 and then you have got ED International and Executive Strata;  
14 what's that?

15 A Executive Director International and Executive  
16 Strata is the ecclesiastical echelon below WDC.

17 Q What do they do?

18 A They run -- they provide ecclesiastical management  
19 to the rest of Scientology.

20 Q And what is this Flag Command Bureau?

21 A They are below Executive -- the Executive Strata  
22 and their job is to gather data and do evaluations and  
23 generally monitor the activities of Scientology organizations  
24 throughout the world and also act as an execution arm to get  
25 management directives and policies implemented.

26 Q Now, Flag Service, FSO is that Flag Service  
27 Organization?

28 A That's right.

1 Q And where is that?

2 A That is in Clearwater, Florida.

3 Q Is that a separate corporation?

4 A Yes, it is.

5 Q And Scientology Missions International; what is  
6 that?

7 A That is the management body which is to oversee  
8 the lowest level of the organization known as a Mission.

9 Q And that also is separately incorporated?

10 A Yes, it is.

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1 Q What are these missions that are depicted down  
2 here?

3 A They are generally small operations that are set  
4 up to deliver basic levels of Scientology services,  
5 introductory levels of Scientology services.

6 Q Did they used to be called a franchise?

7 A Yes.

8 Q Beneath Church of Scientology International on  
9 a direct line flowing down is "Flag Operations Liaison  
10 Office"; what is that?

11 A That is a middle management ecclesiastical  
12 management body which is located in the various geographical  
13 locations which deals between Church of Scientology  
14 International and the Class 4 Orgs, churches.

15 Q I don't understand Class 4; what is that?

16 A Class 4 refers to a level of services which they  
17 can deliver.

18 Scientology services are on a gradient scale from  
19 basic to very sophisticated or high level services. And  
20 missions are entitled to deliver one level of service.  
21 Class 4 organizations are entitled to deliver a higher level  
22 of service. And then you have to go to what are called  
23 Saint Hills and Advanced Organizations for another level  
24 of services. And only the highest level are delivered at  
25 Flag.

26 Q AOLA, what is that?

27 MR. FLYNN: This is all after Mr. Armstrong left. This  
28 chart, Your Honor, I object --

1 THE COURT: It seems kind of redundant.

2 Why don't you finish with it.

3 Q BY MR. HARRIS: Miss Sullivan spoke about being  
4 at AOLA and she also mentioned American Saint Hill  
5 Organization, AOLA.

6 A It is an Advanced Organization of Los Angeles  
7 that delivers advanced courses.

8 Q And American Saint Hill Organization?

9 A That is another high level church which delivers  
10 high level training.

11 Q Okay. Now, based upon your experience, is the  
12 religion of Scientology a hierarchical religion?

13 A Yes.

14 Q Information goes up?

15 A Yes.

16 Q And orders and so on come down?

17 A Yes, that's right.

18 Q As opposed to congregational like a local church  
19 where a preacher, so on, stands up and gives a speech to the  
20 congregation?

21 A Well, services are delivered in Scientology in  
22 a much different form than they are in a local church. The  
23 policy director -- Scientology is a hierarchical religion  
24 in terms of policy and programs come down from senior  
25 management down to the lower organizations.

26 Thee is a certain amount of responsibility that  
27 the lower organization has to run itself in accordance with  
28 policy. Probably the only time that you will ever get orders



1 is when it fails to apply policy.

2 Q And is there any source of Scientology scriptures  
3 other than L. Ron Hubbard?

4 A Not per the definition.

5 There are other Scientology issues which, of  
6 course, and effects that aren't written by L. Ron Hubbard.

7 Q All right. Now, the Church of Spiritual  
8 Technology, what is your function in that?

9 A I am the president and chairman of the board.

10 Q Now, when was that entity formed?

11 A Sometime in 1982, mid-1982.

12 Q And what is its purpose, if you know?

13 A To preserve the scriptures in their original form  
14 against any catastrophe.

15 Q The scriptures being the writings and tape  
16 recorded lectures of L. Ron Hubbard?

17 A That's right.

18 Q Was there -- well, strike that.

19 Does the Church of Spiritual Technology presently  
20 have under its control the archives that Mr. Armstrong was  
21 in charge of before?

22 A The Church of Spiritual Technology has control  
23 over all of the -- has responsibility and control over all  
24 of the archives.

25 I don't know that Mr. Armstrong was over the  
26 archives.

27

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1 Q All right. Well, we had or at least there's  
2 been testimony here that he collected up some items which  
3 he put in something called the archives. You understand what  
4 body I am talking about, what body of information?

5 A Yes, I understand.

6 Q That is what I am trying to figure out now.  
7 Is it that body of items that you have under control of  
8 the Church of Spiritual Technology?

9 A That is correct.

10 Q Now you mentioned that Terry Gamboa was on a  
11 mission to do something about crims in the GO.

12 A That's right.

13 Q And did you have any part in that?

14 A Yeah, peripherally.

15 Q And how did you get involved in that?

16 A Because I was part of the team, the people  
17 that what we call in management that became aware of what  
18 the GO had been up to, how off source and off the rails  
19 they had become, and I participated mainly in the corporate  
20 sortout, I was pretty much outraged at what had been going  
21 on and participated in the general cleanout.

22 Q And do you have some estimate of the number  
23 of people that was got rid of during this cleanout?

24 A Out of the GO?

25 Q Yes.

26 A About 1100.

27 Q Across the world?

28 A Yes.

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1 Q And to your knowledge was it broadly publicized  
2 that the Guardian's office was being cleaned up?

3 A Yes, it was.

4 Q And do you recall a period of time when  
5 Laurel Sullivan was on the RPF?

6 A I recall a couple of periods when she--  
7 I recall a period of time when she was in the RPF and there  
8 was a later period of time that she was not in good favor,  
9 as it were.

10 Q When you "not in good favor" --

11 A I don't know if she was formally assigned to  
12 the RPF at the second time.

13 Q On the second occasion, who was in the status  
14 of not in favor that was with her?

15 A The GO crims, as I would call them, using  
16 criminal in the broad sense, the Scientology sense.

17 Q Did you become aware at some point that  
18 some members of the Guardian's office had culled PC folders?

19 A Later.

20 Q When did you find that out?

21 A I think I became aware of it maybe late '81,  
22 early '82.

23 Q And are you trained as an auditor?

24 A Yes, I am.

25 Q What is your training?

26 A Class 8.

27 Q And what is a class 8?

28 A It is well up the scale. I think class 12 is

25 2  
1 the highest.

2 THE COURT: If we are going to get into a new subject,  
3 we will just take a recess at this time. We will reconvene  
4 at 1:30.

5 (The noon recess was taken until  
6 1:30 p.m. of the same day.)  
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1 LOS ANGELES, CALIFORNIA; TUESDAY, MAY 29, 1984; 1:30 P.M.

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4 THE COURT: Very well, in the case on trial, let the  
5 record reflect that counsel are present.

6  
7 LYMAN SPURLOCK,

8 the witness on the stand at the time of the noon recess,  
9 having been previously duly sworn, resumed the stand and  
10 testified further as follows:

11 THE COURT: The witness has retaken the stand. Just  
12 state your name again for the record, sir.

13 You are still under oath.

14 THE WITNESS: Lyman Spurlock.

15 THE COURT: You may continue.

16 MR. HARRIS: Thank you, Your Honor.

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18 CROSS-EXAMINATION (Resumed)

19 BY MR. HARRIS:

20 Q Mr. Spurlock, I asked you did you become aware  
21 that some members of the Guardian's office were culling  
22 PC folders; do you recall that?

23 A Yes, I became aware of it in late '81 early  
24 '82, somewhere in that vicinity. I was aware that a handful  
25 of people had been culling folders. The best we could tell  
26 was for purposes of internal protection.

27 At the time it was the first time I had become  
28 aware of it in my 14 or 15 years as a Scientologist, and I

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1 was personally outraged by it. It was contrary to everything  
2 that I had learned about the sanctity of PC folders.

3 MR. HARRIS: I have an exhibit "Confidentiality of  
4 PC Folder Data." May that be marked exhibit 86?

5 THE COURT: Very well, so marked for identification.

6 Q BY MR. HARRIS: Directing your attention to  
7 what has been marked exhibit 86, are you familiar with that?

8 A Yes, I am.

9 Q Does that summarize the then existing data on  
10 the confidentiality of PC folders?

11 A Yes, from my understanding this is and always  
12 has been the policy of the church with regard to PC folders.  
13 This is all various statements compiled in one issue.

14 MR. HARRIS: Now, I also have an item called "The  
15 Bridge," Your Honor. May that be marked plaintiff's next  
16 in order, exhibit 87?

17 THE COURT: All right, exhibit 87.

18 Q BY MR. HARRIS: I will show you exhibit 87 and  
19 ask you if you recognize that?

20 A Yes, I do.

21 Q Now you mentioned you were a class what auditor?

22 A Eight.

23 Q And where is that?

24 A That is right up here.

25 Q I see this item 87 is split into training and  
26 processing.

27 A Yes it is.

28 Q What is this, anyway?

1           A           On the left side of the -- basically this  
2 grade chart entitled "The Bridge to Total Freedom" summarizes  
3 the central activity of the Church of Scientology, which is  
4 to take people up to new levels of spiritual awareness through  
5 application of Scientology philosophy and technology and --  
6 that is on the right side.

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1 Q That is on the right side?

2 A These different levels signify levels of spiritual  
3 awareness.

4 And on the left side is the classification or  
5 the degree of skill and sophistication of techniques needed  
6 to audit people on the right side of the grade chart.

7 MR. FLYNN: Objection, Your Honor. This is all beyond  
8 the scope --

9 MR. HARRIS: Well, I don't think so.

10 THE COURT: Well, it is hard to tell what the scope  
11 was.

12 THE WITNESS: Let me just wrap it up real quick.

13 The idea of Scientology and the reason we were  
14 in Scientology is to attain total freedom, to get off the  
15 life-death cycle.

16 The Scientologists believe that they are spiritual  
17 beings that have an immortality. That is why the billion-  
18 year contract of the Sea Org member.

19 We have been in body after body after body after  
20 body.

21 MR. FLYNN: Is this a waiver of all of the First  
22 Amendment Rights that --

23 MR. HARRIS: They have raised it in the context of the  
24 E-meter; that Scientology is a religion, all manner of things  
25 were brought up.

26 THE COURT: We are going to do one thing at a time.  
27 We are not going to be here for the rest of our natural lives  
28 or reincarnated to continue this case.



1 MR. HARRIS: I certainly affirm that, Your Honor.

2 THE COURT: Let's go forward.

3 Q BY MR. HARRIS: Over here on the left-hand side  
4 there are all kinds of Hubbards, Hubbards. In fact, it  
5 appears all over the chart as Hubbard this, Hubbard that.

6 What was the role of Mr. Hubbard insofar as the  
7 religion of Scientology?

8 A Mr. Hubbard is the one that founded the subject  
9 matter. He is the one that discovered the philosophy and  
10 the technology of Scientology and organized it and wrote it  
11 down and lectured on it.

12 And, in fact, you know everything in Scientology  
13 having to do with the religious philosophy and technology  
14 of Scientology stems from Mr. Hubbard's personal researches  
15 and observations. So the subject matter of the religion was  
16 originated by Mr. Hubbard and he is the source of our  
17 technology.

18 That is why we have such terms as "on source"  
19 and so forth, to signify how close somebody is adhering to  
20 the teachings of Mr. Hubbard.

21 In the training, for example, if a student is  
22 trained in Scientology, he is trained directly from the  
23 original writings and spoken words of Mr. Hubbard.

24 It is not the duty of a course supervisor, the  
25 teacher of a course, to interpret the materials at all. It  
26 is his job to make sure that the student who is studying  
27 duplicates the materials exactly as they are written by  
28 Mr. Hubbard so that where he has had success in applying

1 certain techniques, then the student will have similar  
2 successes to the degree that he duplicates how Mr. Hubbard  
3 did it.

4 Q When you use the word "technology," I think of  
5 computers; what do you mean when you say "technology"?

6 A The word technology is used wisely in Scientology  
7 because there are precise techniques to applying the religious  
8 materials.

9 For example, in an auditing session there is a  
10 very precise communication formula where you ask the person  
11 who is being audited, called a pre-clear, you ask the  
12 question and you get an answer and acknowledge that answer.  
13 There is a one, two, three, four steps that an auditor goes  
14 through. And that would be the technology of the  
15 communication cycle, for example.

16 Q I take it you were trained in the use of the  
17 E-meter?

18 A Yes, I was.

19 Q I am going to show you what has been marked  
20 exhibit X and ask you to look at the first item on there and  
21 ask you if you recognize it.

22 A Yes, I do.

23 Q From where?

24 A Earlier in my training as an auditor I came across  
25 this bulletin.

26 Q By the way, when you were training as an auditor  
27 did you read all of the bulletins on the subject matter?

28 A Yes, I did, being something called the Saint Hill

1 speech briefing course in which I read all the written  
2 materials in chronological order.

3 Q Okay.

4 The words "lie detector" is in quotes within  
5 exhibit X on the first page. I ask you, what is that?

6 A Why is it used here?

7 Q Why is it used in quotes.

8 A Well, the E-meter --

9 MR. FLYNN: Is this the interpretation of "scripture"?

10 THE COURT: I am not sure what we are into.

11 If you know.

12 THE WITNESS: I do know.

13 THE COURT: You can answer.

14 THE WITNESS: An E-meter generally measures changes  
15 in resistance due to the interaction of a thetan, which is  
16 a spiritual being, the person himself, his mind which is the  
17 record of his past experiences and the body.

18 When an auditor asks a pre-clear -- the person  
19 who is receiving the auditing -- some question which triggers  
20 an area of travail on the person's past, the E-meter would  
21 register and electrical change.

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1                   When a person is doing something he shouldn't  
2 do or has done something he shouldn't have done, that will  
3 be an area of spiritual travail which will show up on E meter.  
4 At this time period in 1960 when this bulletin was written  
5 some of the churches had experienced infiltrators, people  
6 who had been sent in to disrupt the activities of the church.  
7 It was found that if one got them on an E meter and asked  
8 them about their true intentions or what they were actually  
9 doing there, that it would start reading on the E meter and  
10 this then permitted the organization to detect such individuals  
11 within the ranks and to either get them to change their minds  
12 about what they were doing there and remain as Scientologists  
13 or to kick them out, and that then -- because there was  
14 difficulties of this sort of a widespread nature, something  
15 called a security check was implemented within the  
16 organization where they screened people who were coming into  
17 the organization, just asked them a series of questions,  
18 and then the E meter, if there was a read, a reaction or a  
19 certain question like, "Are you here to disrupt the  
20 organization?" for example, might be a question. If you  
21 get a read on that, the auditor finds out what is behind that  
22 read, and that became security checking.

23                   Now, what happened was security checking was  
24 being done and what was happening was Mr. Hubbard found out  
25 that people who were getting security checking experienced  
26 a great deal of relief by getting off withholds and overts  
27 on areas of their life that didn't have anything to do with  
28 disrupting the organization, things a person was doing that

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1 he shouldn't be doing. So, sec checking then became a  
2 tool for enhancing somebody spiritually because it was  
3 found that the person could be more effective in life and  
4 deal better with life if he had gotten his overts and  
5 withholds off, transgressions against moral codes, and that  
6 later evolved in the confessional processing and now it is  
7 part of this grade chart on level 2.

8 Q You used a couple of words "overts" and  
9 "withholds"; what is that?

10 A An overt could generally be defined as a  
11 transgression against one's moral code.

12 Q I show you what has been marked exhibit RR and  
13 ask you if you have seen that before?

14 A Yes I have.

15 Q And in what context did you see it?

16 A I don't know, somewhere in my studies.

17 Q All right, now you said because it was  
18 written by Mr. Hubbard, that was scriptural?

19 A Yes, that is right.

20 Q Now did you have any training in the ethics  
21 and justice system of Scientology?

22 A Yes, I have had several courses.

23 Q And have you served in any capacity as far  
24 as ethics officer or master at arms?

25 A I have served as a person on an ecclesiastical  
26 court in Scientology a number of times.

27 Q You have such courts in Scientology?

28 A they are called committees of evidence or

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Q All right, now, in respect to exhibit RR, do you know if there was a cancelation of this policy letter?

A I believe it was cancelled shortly thereafter.

Q And what is the effect of a cancelation?

A It is no longer in policy.

Q All right now with respect to the last part "enemy," what does that mean as far as the items in the left-hand side; liability, treason, et cetera?

A These are conditions of existence.

Q And the SP order, Fair Game et cetera that appears to be a penalty if that is on the left-hand side as the condition; right?

A Right.

Q Okay. Now, did you at the time that you read that or since understand that to be a license for Scientologists to trick, sue, lie to or destroy somebody?

A Absolutely not. All it ever meant to me was that a person who had been declared an SP or expelled from the church did not have recourse to the Scientology ethics and justice system.

A Scientologist in good standing can resolve any disputes with another Scientologist or with the organization through the internal Scientology ethics and justice system. Somebody who has been expelled from the church can't avail themselves of those remedies.

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Q And if a Scientologist were to trick, destroy, lie to, et cetera, somebody, that somebody couldn't have access to the justice system; is that what you're saying?

A That is what I am saying.

But that person -- there is another thing. I mean there is another Scientology ethics policy which applies which listed a whole plane of things which Scientologists are not supposed to do.

Let's say that person A was expelled from the church and person B was a Scientologist in good standing. If person B went out and cheated that person in some business deal or something like that, person A would not have recourse to Scientology. He would have to go to a civil court.

But person B would probably be disciplined within the group for engaging in conduct unethical and unbecoming a Scientologist, even though the SP was the target of the cheating.

Q All right. Now, you mentioned a special project as being in part designed to clean up the GO, the Guardian's Office?

A Right.

Q At that time were you aware of whether Mary Sue Hubbard had resigned or not?

A Yes, I was.

I believe she resigned in early '81. It was sometime early to mid.

Q She wasn't included in this clean-up?

A No. She wasn't. She had already resigned.

1           Q     All right. Have you ever represented yourself  
2 as an attorney?

3           A     No, I haven't, never.

4           Q     Did you have a conversation with Nancy Dincalci  
5 about the photos?

6           A     Among other things.

7                     I had a -- she called me shortly after the photo  
8 incident. And I think part of the conversation was she talked  
9 about the photos, how Gerry should get them back or something  
10 like that.

11                    I said, "Absolutely he shouldn't be selling these,  
12 especially to Scientologists because he had broken from the  
13 church and was out there doing God knows what. We don't  
14 know."

15                    We hadn't realized that he had taken all of those  
16 materials at that time, I don't think.

17                    And I think that the balance of the conversation  
18 was -- Nancy was an old friend from when we were in the  
19 Sea Org together at La Quinta. And I tried to persuade her  
20 to change her ways and rejoin the church.

21                    I reminded her of the spiritual gain she had had  
22 in auditing and so forth and the win she had had as an auditor  
23 helping others and tried to get her -- you know, the door  
24 is always open; tried to get her to come back.

25           Q     Now, were you at La Quinta with Mr. Hubbard?

26           A     Yes, I was.

27           Q     When was that?

28           A     '77, '78 -- '78.



1 Q And what was your post at that time?

2 A I was an auditor.

3 I also worked on the films.

4 Q As a -- doing what?

5 A Unskilled positions.

6 I helped carry the camera, tripods around, built  
7 sets. I acted.

8 With respect to me, that is also an unskilled  
9 position, I think.

10 Q Did you know Mr. Armstrong at the time?

11 A Yes, I did.

12 Q What was his position?

13 A I believe for awhile he was known as the cine  
14 crew chief. It was his job to get everything together, get  
15 the sets on the set and actors in costume, that sort of  
16 thing; get everything ready to shoot.

17 Q All right.

18 Now, did you have some understanding as to who  
19 you were working for when you were working at La Quinta?

20 A I was working for the Church of Scientology of  
21 California.

22 Q And when Mr. Hubbard was there did he have some  
23 sort of a house that he was living in?

24 A Yes, he did.

25 Q Why did the church provide him a house?

26 A Because they wanted him there to direct the  
27 films.

28 The church always benefits from Mr. Hubbard's

1 presence and provides facilities for him as an honored guest  
2 so that he can work in a safe and distraction free environment  
3 to produce the products which benefit the church.

4 Q In your experience do Churches of Scientology  
5 have an office that has a desk that remains empty that is  
6 there for Mr. Hubbard?

7 A All churches do. It is sort of a shrine, you  
8 know, to signify that LRH has his religious presence, you  
9 know, in every organization of Scientology that --

10 The organizations are on source and are adhering  
11 to the scriptures without alteration.

12 MR. HARRIS: Nothing further.

13 MR. LITT: I have nothing, Your Honor.

14 THE COURT: Mr. Flynn.

15  
16 REDIRECT EXAMINATION

17 BY MR. FLYNN:

18 Q Did I hear you use the term "confessional  
19 processing," Mr. Spurlock?

20 A Yes, I did.

21 Q Is that auditing?

22 A Yes, it is.

23 Q The term "processing" is interchangeable with  
24 "auditing"?

25 A Except in the context of an HCO confessional.  
26 That would be in the context of an ethics action on that  
27 individual to clean him up in which case the auditor would  
28 give him -- would advise him at the beginning of the

1 auditing, "I am not auditing you. This is a HCO confessional.  
2 What you say in session may be actionable within the  
3 organization."

4 Q As opposed to being actionable outside the  
5 organization?

6 A I am not aware of anything being actionable  
7 outside the organization.

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1 Q Well these crimes at the Guardian's office  
2 the 1100 people were committing, were they committing crimes  
3 outside of the organization to your knowledge?

4 A I think a small handful were.

5 Q A small handful of the 1100 that you got  
6 rid of?

7 A Many of those people were transferred out of  
8 the Guardian's office. When the Guardian's office was  
9 disbanded, many of them were put on lower level posts  
10 within the church to reprove themselves along regular church  
11 lines.

12 Q So the answer to my question is yes, the 1100  
13 were engaged in criminal acts, and you put them in other  
14 posts to reprove themselves?

15 A No, that is not the answer to your question.  
16 Of the 1100 people in the Guardian's office, I believe only  
17 a small number of them were actually engaged in committing  
18 torts or crimes of any sort.

19 Q How do you know that, Mr. Spurlock?

20 A Because we sec checked a lot of them to find  
21 out what they had been up to.

22 Q Who was "we"?

23 A Management, Int.

24 Q The new breed of management that you are a  
25 part of?

26 A I am not a part of it.

27 Q Tell me, does most of the new breed of the  
28 church think like you, if you know, Mr. Spurlock?

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MR. HARRIS: Well, I will object to the question.

Q BY MR. FLYNN: Let me show you -- you were part of getting rid of the 1100 and sec checking them; isn't that correct?

A I didn't sec check any of them personally.

THE COURT: When you say getting rid, were they kicked out?

THE WITNESS: Some of them were dismissed from staff. A few went to jail.

THE COURT: You mean civilian jail?

THE WITNESS: Yes, there was trials in Washington D.C. in which some people were convicted of obstruction of justice.

THE COURT: Well, that was 11. What happened to the other 10,000?

THE WITNESS: Eleven hundred. I think there may have been some that were found to be so off the wall or so off the rails that they were dismissed. What that number is I don't know. It is probably a percentage.

THE COURT: They weren't expelled, the bulk of them. You are saying they were simply reprocessed and brought back in?

THE WITNESS: If they were salvagable. When the Guardian's office was disbanded, they were moved back into the church to assume regular ecclesiastical posts on the seven division org board, generally of lower responsibility type posts.

THE COURT: All right.

9 3  
1 Q BY MR. FLYNN: Now these ecclesiastical posts  
2 were hierarchical as you testified to earlier?

3 A Yes. Scientology is a hierarchical religion.

4 Q And the Guardian's office was part of that  
5 hierarchical religion?

6 A The Guardian's office operated as an autonomous  
7 unit. That was part of the problem.

8 Q Let me show you exhibit 84 that you testified  
9 was the hierarchical structure, Mr. Spurlock.

10 A Right.

11 Q Do you recognize 84 as part of the hierarchical  
12 structure?

13 A Yes, I do.

14 Q And it all flows up to the Guardian's office;  
15 is that correct?

16 A Flows up to the founder.

17 Q And just below the founder is the Guardian's  
18 office?

19 A Right, from 1973.

20 Q Was the founder part of the hierarchical  
21 structure?

22 A The founder is the religious leader of  
23 Scientology. He is the founder.

24 Q Is he part of the hierarchical structure,  
25 Mr. Spurlock? That was the question.

26 A The role of L. Ron Hubbard -- what can I say?  
27 The whole religion of Scientology is based on his writings and  
28 researches. He is the religious leader. We hold him in

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1 reverence, deep respect.

2 Q Does exhibit 84 reflect the hierarchical  
3 structure as you previously testified with L. Ron Hubbard  
4 at the top just above the Guardian's office?

5 A 1973. This is what was printed.

6 Q Well prior to 1981 and '82 when you got rid  
7 of these 1100 back to 1966, was that the hierarchical structure  
8 that you testified about earlier?

9 THE COURT: Well, let the witness answer. If he  
10 wants your consult, he will ask you for it. I don't want  
11 you suggesting to him certain things.

12 I am not suggesting that there is anything  
13 wrong. He is a witness here just like any other person,  
14 and if he has a question he wants to ask you, he can do  
15 so.

16 MR. HELLER: I understand that, Your Honor. I am  
17 so confused because hierarchical was put in an ecclesiastical  
18 sense when it was testified to on direct examination.

19 THE COURT: Well, they are the ones that presented it.  
20 He's answered the question.

21 MR. HELLER: I see the confusion in his mind.

22 THE COURT: Well, let's go forward.

23 THE WITNESS: As a practical matter, during the  
24 '70's and all the way up to 1981 Mary Sue Hubbard was the  
25 controller and responsible for the activities of the Guardian's  
26 office. LRH engaged in researches, from time to time became  
27 involved in developing management technology and debugging  
28 various aspects of the church, and that is how it happened

1 as a practical matter. That is my understanding.

2 This chart may very well have been valid in  
3 1973. I am certain that if L. Ron Hubbard had been interested  
4 in the activities of the Guardian's office and had gone in  
5 there and said, "What the hell is going on?" I am sure  
6 somebody would have told him and I am sure somebody would  
7 have answered up if he had expressed displeasure.

8 Q BY MR. FLYNN: Do you think his wife knew  
9 what was going on?

10 MR. LITT: Objection; calls for speculation.

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1 THE COURT: Overruled.

2 The witness has indicated a certain amount of  
3 awareness of what was happening.

4 THE WITNESS: I don't really know if she did or not.

5 I know that she was responsible for the activities  
6 of the Guardian's Office; therefore, I think it was  
7 appropriate that she resigned when it turned into such a  
8 mess.

9 Q BY MR. FLYNN: You lumped Laurel Sullivan among  
10 the 1,100 criminals, did you not, Mr. Spurlock?

11 A I told you that Laurel Sullivan was out at  
12 Gilman undergoing ethics handling along with some of the more  
13 infamous GO members.

14 Q Did you lump Laurel Sullivan among the 1,100  
15 criminals?

16 MR. LITT: Objection. Argumentative.

17 THE WITNESS: I didn't say 1,100 criminals.

18 THE COURT: Overruled.

19 Q BY MR. FLYNN: Do you lump Laurel Sullivan among  
20 the 1,100 criminals, Mr. Spurlock?

21 MR. HARRIS: He is asking his opinion now, Your Honor?

22 THE COURT: There was some testimony about 1,100 people.  
23 I thought the whole thing started when somebody was to go  
24 clean out the GO and get rid of the criminals. And then we  
25 got into 1,100 people that were ousted or something. And  
26 then --

27 THE WITNESS: I didn't mean to imply there were 1,100  
28 criminals.

1 Q BY MR. FLYNN: Do you lump Laurel Sullivan among  
2 the criminal types in the Guardian's Office, the infamous  
3 ones that were out at Gilman Hot Springs?

4 A Yes, I think I do.

5 Q Did you ever work personally with L. Ron Hubbard  
6 as his personal representative for eight straight years  
7 disseminating his PR line?

8 A No, I didn't.

9 Q When Laurel Sullivan was working directly with  
10 L. Ron Hubbard and not in the Guardian's Office, Mr. Spurlock,  
11 was she among the criminals at that time?

12 A I think you would have to ask Laurel.

13 Q You seem to have an opinion on it; do you not?

14 A My opinion on Laurel Sullivan is that at some  
15 point she turned sour.

16 I have seen it before with people getting  
17 disaffected with Scientology.

18 It is like a divorce. All of a sudden the object  
19 of one's love and affinity become the object of one's hate  
20 and scorn. It is almost incomprehensible to me.

21 Q Have you looked at the 5,000 documents under seal  
22 in this courthouse?

23 A No, I haven't.

24 Q Do you know whether or not she became  
25 disillusioned when she looked at those 5,000 documents about  
26 the lies that had been disseminated by your founder?

27 MR. LITT: Objection. Assumes facts not in evidence  
28 and is argumentative, Your Honor.

1 THE COURT: I'll sustain the objection on the ground  
2 it is argumentative.

3 Q BY MR. FLYNN: Do you know whether she became  
4 disilllusioned in 1980-81 when Mr. Armstrong was collecting  
5 the documents that are under seal, Mr. Spurlock?

6 A I have no knowledge of that.

7 Q You don't know when it happened?

8 A When she became disillusioned?

9 Q Right.

10 A No. I really don't know Laurel's -- what Laurel's  
11 story is.

12 Q And yet you have an opinion that -- lumping her  
13 among some of the infamous criminals; is that correct?

14 A Yes.

15 Q Have you ever read any of the documents that are  
16 under seal in this case?

17 A I don't know.

18 Q Let me ask you this --

19 A I have read lots of documents. Whether some were  
20 under seal, I don't know.

21 Q You gave a definition of a criminal as someone  
22 who wants something for nothing; is that your definition?

23 A Or is not supporting the group or is not aligned  
24 with the group and pulling his weight.

25 Q Is a person who consistently lies to the group  
26 a criminal?

27 A I would say so.

28 Q So if a person had consistently lied to the group

1 for some 30 years about his background, you would categorize  
2 that person as a criminal, Mr. Spurlock?

3 A Yes. I would categorize that person as a  
4 criminal.

5 Do I categorize L. Ron Hubbard as a criminal?  
6 Absolutely not.

7 Q Have you read any of the documents under seal,  
8 Mr. Spurlock?

9 THE COURT: You have asked that. He has already  
10 answered.

11 Q BY MR. FLYNN: Let me show you this policy letter  
12 and I'll ask you if you consider that to be scripture.

13 A Yes, I do.

14 Q L. Ron Hubbard's scripture copyrighted by him;  
15 is that correct?

16 A That's right.

17 Q Would you turn over to the second page of that  
18 policy letter, under item J; would you read that to  
19 yourself?

20 A Okay.

21 Q You have read that before?

22 A Yes.

23 Q Do you agree that "policy is very definite;  
24 ignore with regard to assisting judges"?

25 A People attempting to sit in judgment on  
26 Scientology.

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- 1 Q Do you agree you should ignore them, Mr. Spurlock?
- 2 A I agree it shouldn't even be in court.
- 3 Q Do you know who brought this suit?
- 4 A We did because -- the church did, C S C did  
5 because documents were stolen.
- 6 Q You know how many suits your organization has  
7 brought in the last decade, Mr. Spurlock?
- 8 A No idea.
- 9 Q Have you ever seen a computer printout of the  
10 number of suits that your organization has brought against  
11 people in the last decade?
- 12 A No. Meaning my organization, Church  
13 of Scientology of California --
- 14 Q Church of Scientology, the hierarchical  
15 ecclesiastical structure.
- 16 MR. HARRIS: Well, it is not a legal entity.  
17 Therefore it can't bring a suit.
- 18 THE COURT: Well, sustain the objection.
- 19 Did you want this marked as an exhibit?
- 20 MR. FLYNN: Yes, please, Your Honor.
- 21 THE COURT: FFFF, four times.
- 22 Q BY MR. FLYNN: Did you testify that Mary Sue  
23 Hubbard was part of the GO cleanup?
- 24 A She had resigned.
- 25 Q So she was not part of it?
- 26 A She had resigned. Therefore, she wasn't  
27 around to be part of it.
- 28 Q Did you use the word earlier in your testimony

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1 about Mary Sue Hubbard, "removed"?

2 A No.

3 Q You didn't?

4 A I don't think so. As far as I know, she  
5 resigned.

6 Q You testified that Mr. Armstrong was out there  
7 doing God knows what; do you recall that?

8 A Right.

9 Q Well, suppose Mr. Armstrong was out there  
10 telling the truth, would that be a reprehensible thing  
11 to do?

12 MR. HARRIS: I will object to that, Your Honor,  
13 as being argumentative and calling for speculation and  
14 a conclusion.

15 MR. FLYNN: Your Honor, Mr. Harris asked two or three  
16 hypothetical questions of this nature.

17 THE COURT: I will overrule the objection.

18 Truth about what?

19 Q BY MR. FLYNN: Truth about L. Ron Hubbard,  
20 Mr. Spurlock.

21 A I don't believe Mr. Armstrong has any interest  
22 in the truth about L. Ron Hubbard.

23 Q And when he worked for L. Ron Hubbard  
24 for 14 years, six days a week, 80 to a hundred hours a  
25 week for 17 to \$20 per week, do you think he had interest  
26 then?

27 A I don't think he ever worked for L. Ron  
28 Hubbard.

1 Q Do you think he ever worked with L. Ron  
2 Hubbard?

3 A I think he worked in the same vicinity.

4 Q How long were you on the boat Apollo?

5 A I wasn't on the boat.

6 Q What is the total amount of time that you  
7 worked with L. Ron Hubbard in the same vicinity?

8 A A year.

9 Q And Mary Sue Hubbard, the wife of L. Ron Hubbard,  
10 do you have any estimate as to the total amount of time she  
11 worked with L. Ron Hubbard?

12 MR. LITT: Is this the same physical vicinity again?

13 THE COURT: that is a difficult question. I will  
14 sustain the objection.

15 Q BY MR. FLYNN: Do you have any amount of time  
16 that Mr. Armstrong worked with L. Ron Hubbard in the same  
17 vicinity?

18 A No I don't have any estimate.

19 Q Or Laurel Sullivan?

20 A I know she was on the ship for a number of  
21 years.

22 Q Your testimony is that the Fair Game Doctrine  
23 was part of an internal ethics system of the church?

24 A Exclusion of people from the ethics system of  
25 the church.

26 Q What about people who had never been in the  
27 organization who were made subject to it, Mr. Spurlock,  
28 how does that fit into your ethics system?

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A It doesn't.

Q Take a person like you, Mr. Spurlock, who was involved for how many years before you got on staff?

A Seven or eight.

Q You were paying for auditing then?

A Yes.

Q Fifty, \$60,000 you probably paid?

A Probably.

Q And all the time you were paying that you thought that your PC files were confidential?

A That is right.

Q And you considered it a criminal act for the criminals in the Guardian's office to have culled folders during that -- PC folders during that period of time; is that correct?

A Yes.

MR. LITT: Criminal in Scientology?

THE COURT: Well, I assume that is what the question means.

THE WITNESS: Yes. In Scientology context, absolutely.

Q BY MR. FLYNN: Those people would have been lied to in any context, is that correct?

A What people?

Q The people whose files were culled when they were told it was confidential.

MR. HARRIS: I will object to the question as ambiguous and calling for a conclusion.

THE COURT: Well I suppose so. I will sustain the



1 objection.

2 Q BY MR. FLYNN: Mr. Spurlock, during all these  
3 years you didn't know the PC files were being culled; right?

4 A Even after all these years there was only a  
5 few instances of it that were discovered.

6 Q A few instances.

7 Well in those few instances were those people  
8 lied to with regard to the confidentiality of their folders?

9 MR. HARRIS: That calls for a conclusion, Your Honor.

10 THE COURT: I will sustain the objection.

11 Q BY MR. FLYNN: Well, let's assume, Mr. Spurlock,  
12 that there was a policy with regard to culling folders which  
13 has been marked as exhibit triple A in this case created  
14 by Mary Sue Hubbard in 1969.

15 Was that policy contrary to the representations  
16 made to you of the confidentiality of auditing folders?

17 MR. LITT: Objection; that calls for a conclusion,  
18 Your Honor. There has been different testimony about what  
19 the meaning of the policy is which Mr. Spurlock presumably  
20 is not privy to.

21 THE COURT: Well I will sustain the objection to  
22 the form of the question. You can rephrase it if you want.

23 Q BY MR. FLYNN: Well, Mr. Spurlock, you  
24 testified that there was a handful of criminals who were  
25 committing criminal acts; do you recall that?

26 A Right.

27 Q And as part of their criminal act was the  
28 culling of PC folders; do you recall that?

29 A Yes.

2-1  
1 Q Now, do you include in your definition of a  
2 criminal act lying to someone about the confidentiality of  
3 PC folders?

4 A Yes, I would.

5 Q So the people who had their PC folders culled  
6 per your definition were lied to; is that correct?

7 MR. LITT: Objection, Your Honor. This assumes facts  
8 not in evidence; it's argumentative and calls for a  
9 conclusion as --

10 THE COURT: The problem with your question is it is  
11 not necessarily the person who culled it that was the person  
12 who told him it was confidential. Somebody may have said  
13 that in good faith and somebody later on may have culled it.  
14 And that original person was not lying.

15 MR. FLYNN: Your Honor, our position is that it was  
16 a dichotomous policy of the organization. One was to  
17 represent that it was confidential and the other policy was  
18 to cull them.

19 THE COURT: You have testimony in the record as regards  
20 that.

21 Now, if you are talking about somebody lying,  
22 you are talking about somebody who makes a representation  
23 and misrepresents or nondiscloses when he or she should say  
24 something. I don't know whether that would be the same  
25 person that would have known that there was culling if there  
26 was culling.

27 Q BY MR. FLYNN: In your experience when you found  
28 out about the culling, was it the bad people in the Guardian's

1 Office that were doing the culling?

2 A Yes. I know of nowhere else that culling  
3 occurred.

4 Q In the Guardian's Office?

5 A Yes.

6 Q And the Guardian's Office was part of the  
7 hierarchical structure you have testified about; correct?

8 A Let me clarify: The Guardian's Office sat off  
9 by itself. They had the doors locked. They were very  
10 mysterious. The bulk of Scientologists didn't even know what  
11 the hell was going on in the Guardian's Office. And it only  
12 came to light in 1981.

13 Even during the 1977 FBI raid on the church here  
14 most of us just thought, oh, hell, here is the government  
15 again, you know, another unprovoked attack because there had  
16 been a series of attacks on the ship, et cetera.

17 It was only later that we found out what they  
18 were really up to and how off the rails they were. And that  
19 is when Scientology management, CMO, Executive Strata,  
20 et cetera, said this has got to change. This is not what  
21 Scientology is about. So there was a housecleaning.

22 If I was an auditor and I was telling my PC that  
23 everything he says to me in the session is confidential and  
24 I found out later that somebody in the Guardian's Office was  
25 culling that folder, I would have been outraged. It would  
26 have been a total surprise to me. I wouldn't have stood for  
27 it.

28 Q How long in your estimate had it been going on,

1 Mr. Spurlock?

2 A I have no idea.

3 Q As regards the total secrecy of the Guardian's  
4 Office, how long had that secrecy been going on?

5 A A period of years.

6 Q Prior to 1977 when you became involved; is that  
7 correct?

8 A That's right.

9 Q At some point in time L. Ron Hubbard left and  
10 went into seclusion; is that correct?

11 A That is correct.

12 He has done it a number of times.

13 Q Prior to that he was more or less on the com lines  
14 of the organization; is that correct?

15 A Prior to what time?

16 Q Prior to the February, 1980 when he went into  
17 seclusion?

18 A Yes.

19 Q So for the prior 30 years or so L. Ron Hubbard  
20 had been more or less around, on board the ship, at Gilman,  
21 at La Quinta; is that correct?

22 A For the 30 years?

23 Q For the prior 30 years L. Ron Hubbard had been  
24 more or less around, involved in the organization; is that  
25 correct?

26 A I can't give you a time track for the last  
27 30 years.

28 I know that he would go off by himself and do --

1 with a small group of people and do research from time to  
2 time.

3 I know he went down to Rhodesia in, I think, '65  
4 or '66.

5 He went to Las Palmas in '67.

6 The original Sea Org was supposed to be a  
7 distraction free environment. The management was at Worldwide  
8 which was probably why they were up in this ecclesiastical  
9 structure in this position.

10 And then he left La Quinta for awhile and then  
11 came back; was involved in film making on almost a full-time  
12 basis, you know. Like he would be on the set for seven,  
13 eight, ten hours a day.

14 Q Roughly between '67 and '75, you know he was  
15 mostly on board the ship except for a period where he might  
16 have been hiding in New York; correct?

17 MR. LITT: Objection. That assumes a fact not in  
18 evidence.

19 THE COURT: There is testimony that he was hiding.

20 MR. LITT: Not that he was hiding. But --

21 THE COURT: There has been testimony that he was  
22 hiding, whether it is true or not. But there has been  
23 testimony.

24 THE WITNESS: My understanding was he was in research  
25 in biochemistry and health foods, that sort of thing, in  
26 New York.

27 Q BY MR. FLYNN: The question was in '67 he was  
28 on board that ship with the Commodores Messengers in Flag;

1 is that correct?

2 A I believe he was on the ship for extended periods  
3 of time.

4 Q And then was in Clearwater for a period of time;  
5 is that correct?

6 A I don't know if he was actually in Clearwater  
7 or not.

8 Q Well, then he was out at La Quinta and Gilman  
9 Hot Springs for a period of time; is that correct?

10 A That is correct.

11 Q Now, throughout that whole period of time there  
12 was no clean-up of the Guardian's Office, was there,  
13 Mr. Spurlock?

14 A The clean-up at the Guardian's Office occurred  
15 in 1981.

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1 Q After Mr. Hubbard had gone into seclusion;  
2 is that correct, Mr. Spurlock?

3 A Yes.

4 MR. FLYNN: That is all I have, Your Honor.

5 THE COURT: Mr. Harris?

6 MR. HARRIS: I don't think I have anything, Your  
7 Honor.

8 MR. LITT: I don't think so. Could we just have a  
9 moment?

10 THE COURT: What do you do with PC files when a member  
11 leaves the church, resigns?

12 THE WITNESS: They are put in archives.

13 THE COURT: Why don't you return them to the  
14 individuals?

15 THE WITNESS: They are not the individual's property.

16 THE COURT: Well, you have no use for them; do you?

17 THE WITNESS: Well if the person ever comes back, we  
18 do.

19 THE COURT: Well, can't you start from scratch if he  
20 comes back?

21 THE WITNESS: That wouldn't be a good idea because  
22 then he would reduplicate certain things that he had already  
23 gone through.

24 THE COURT: Nothing further on my part. You gentlemen  
25 have anything further?

26 THE WITNESS: If a person is afraid that their PC  
27 files are going to be used against them, he could ask them  
28 to be destroyed in his presence. We'd agree to that.

1 THE COURT: If Mr. Armstrong wanted to have his  
2 destroyed, would you do them in his presence?

3 THE WITNESS: Yes.

4 MR. FLYNN: We have been trying to get them back  
5 continually.

6 Q BY MR. HARRIS: Is a PC who is in the church  
7 ever allowed to see his PC folder?

8 A Not ever.

9 Q And why is that?

10 A Because it wouldn't do him any good. It is  
11 contrary to the workability of the technology.

12 Q So whether he is inside the church or he's  
13 left the church, it is the policy of Scientology that he  
14 cannot see the contents of his PC folder?

15 A That is correct. I have never seen mine.

16 THE COURT: Anything further?

17 MR. HARRIS: Nothing else.

18 MR. FLYNN: I have nothing further.

19 THE COURT: All right, then you may step down.

20 You may call your next witness.

21 MR. HARRIS: Miss Dincalci, please.

22  
23 NANCY DINCALCI,

24 called as a witness in behalf of the defense, was sworn and  
25 testified as follows:

26 MR. LITT: Your Honor, I would just note that this  
27 is one additional witness who was not listed on the witness  
28 list, I believe, I am told.



1 MR. FLYNN: She is on the witness list, Your Honor.

2 THE CLERK: Would you state your name and spell  
3 your last name.

4 THE WITNESS: Nancy Dincalci, D-i-n-c-a-l-c-i.

5  
6 DIRECT EXAMINATION

7 BY MR. FLYNN:

8 Q At some point in time were you involved in the  
9 Church of Scientology, Miss Dincalci?

10 A Yes.

11 Q And what were the dates?

12 A 1973 to 1979.

13 Q And your husband's name is what?

14 A Jim.

15 Q And was he involved with the Church of  
16 Scientology, also?

17 A Yes.

18 Q And to your knowledge in 1973 was he with  
19 L. Ron Hubbard in New York hiding in an apartment?

20 MR. HARRIS: Object to that, Your Honor, unless  
21 she is present.

22 THE COURT: Well you can lay a foundation if she has  
23 some knowledge, what the source of her knowledge is.

24 Q BY MR. FLYNN: At some point in time,  
25 Miss Dincalci, did you work with L. Ron Hubbard?

26 A Yes.

27 Q And when was that?

28 A 1977 through '79, well, '78.

34-1

1 Q What briefly did you do?

2 A I was an auditor at La Quinta and then I worked  
3 in the films under him.

4 Q And what period of time did you work with the  
5 films under Mr. Hubbard?

6 A '78.

7 Q And where was that?

8 A La Quinta.

9 Q Now, at some point in time did you try to leave  
10 the organization?

11 A Well, not -- I told them I wanted to leave.

12 Q And when was that?

13 A Well, originally '78 when I first decided I wanted  
14 to leave.

15 Q And what happened at that time when you told them  
16 you wanted to leave?

17 MR. HARRIS: I'll object as irrelevant to this case,  
18 Your Honor.

19 THE COURT: Well, overruled.

20 THE WITNESS: Well, we were moved into a stables and  
21 then there was a body guard who followed us around all day.  
22 And we were kind of ostracized from the group. And we kind  
23 of waited around for a couple of months until they decided  
24 that we could go.

25 Q Before they would let you go?

26 A Uh-huh.

27 Q Prior to leaving were you taken into a room where  
28 your PC folders were being culled?

1 A I went through a room where they were.

2 Q How many people were culling the folders?

3 A Oh, maybe 30 people.

4 Q And this was when, in 1978, or 1979?

5 A 1979, the night before we left when they finally  
6 said we could go.

7 All of the people that were leaving -- there were  
8 four of us at the time -- all of the crew kind of sat around  
9 and went through our folders to get any information.

10 Q Was this during the period '78 and '79 when  
11 Mr. Spurlock was out at La Quinta and Gilman Hot Springs?

12 A Yes.

13 Q And who were the four people who wanted to leave?

14 A My husband, myself, Lee Littler and Bob Littler.

15 Q And at that time was information taken out of  
16 your folders and reduced to writing?

17 A Yes, it was.

18 Q And were you made to sign it?

19 A Yes.

20 Q And what else were you made to sign?

21 A A nondisclosure and release bond.

22 Q And were you made to sign promissory notes?

23 A I believe so at that time. I am -- at some point  
24 I was. I'm not sure if it was at that point.

25 Q And after you were -- incidentally, when your  
26 folders were being culled, was it being culled -- were they  
27 being culled by the Guardian's Office, other Sea Org members,  
28 or who?

1           A       Just the general crew, anybody they could get  
2 at that point.

3           Q       Were you Sec Checked?

4           A       Yes.

5           Q       And how long did the Security Check last?

6           A       Actually, it was unusually short because it was  
7 a very sudden decision that we could suddenly go. I don't  
8 know why that occurred. Maybe an hour.

9           Q       Were you familiar with the practice of the  
10 organization to retain people's belongings when they tried  
11 to leave?

12          MR. HARRIS: Well --

13          THE COURT: I'll sustain the objection. It assumes  
14 a fact not in evidence.

15          Q       BY MR. FLYNN: After you left the organization  
16 were you sent a bill?

17          A       Yes.

18          Q       And how much was the bill for?

19          A       For me it was \$62,000.

20                   For Jim it was \$92,000; although she said it was  
21 incomplete.

22          Q       Did you and your husband have some photographs  
23 that you gave to Mr. Armstrong to sell?

24          A       Yes.

25          Q       And when was that?

26          A       It was in 1982, May, 1982.

27          Q       And did you make an agreement with Mr. Armstrong  
28 at that time to sell the photographs?

1 A My husband did, actually.

2 Q Were you present?

3 A Yes.

4 Q And what was the agreement?

5 A I don't know if I can recall all the specifics;  
6 just basically that he agreed that he was giving them to  
7 Mr. Armstrong to sell for a certain amount.

8 Q Do you remember what the amount was?

9 A I believe it was \$2,000.

10 Q Now, incidentally, your husband is now working  
11 up in San Francisco; is that correct?

12 A He is going to school near San Francisco.

13 Q Did you or your husband ever get the photographs  
14 back?

15 A No.

16 Q Now, in May through September, 1982 did you have  
17 the opportunity to observe Gerry Armstrong's mental state?

18 A Yes, I did.

19 Q And on how many occasions?

20 A Between what period?

21 Q May, 1982 and September, 1982.

22 A Oh, 15 to 20 times, maybe.

23 Q What was your observation of his mental state  
24 at that time?

25 A He was very disturbed and confused and more or  
26 less fearful of the organization. He was fearful and sort  
27 of harassed.

28 Q How would you characterize in terms of degree

1 the level of fear that you observed?

2 A I would say it was very severe at a certain  
3 point.

4 Q Now, on one occasion in September, 1982 did you  
5 come and pick Mr. and Mrs. Armstrong up under rather unusual  
6 circumstances?

7 A During that time period they were being followed  
8 and watched continuously.

9 Q 24 hours per day?

10 A Uh-huh. And it was obviously getting to them.  
11 They really were upset and harassed.

12 We kind of arranged a rendezvous, as I recall.  
13 We even had some kind of a code over the phone.

14 He called me on a pay phone so I could pick them  
15 up so they could get away for a brief period to get out from  
16 under that.

17 So I drove down and I was to meet them not where  
18 they lived, but in a pre-arranged location near where they  
19 lived at night at a certain hour.

20 The whole thing, actually, my car broke down.  
21 So I ended up walking there.

22 When I told Gerry, he said, "Get out before they  
23 see you."

24 He was sort of real spooked. He really --

25 Q Did you go get a Rent-A-Car?

26 A Yes. I went to the airport and rented one;  
27 picked them up; they sort of dove in the back seat, crouched  
28 down. We drove away.

1 Q When you actually picked them up were they hiding  
2 somewhere?

3 A Yes. They were in a dark corner where I was  
4 supposed to meet them.

5 Q Were they hiding?

6 A In the park where they lived, just a short  
7 location near the laundromat near where they lived. I don't  
8 even remember the specific location, but --

9 Q Now, when you were working on the films with  
10 Mr. Hubbard did you have the opportunity to observe his  
11 behavior?

12 A Yes, I did.

13 Q What were your observations?

14 A My observations were that his behavior was very  
15 erratic and abusive to people around him and just very  
16 disturbed.

17 MR. FLYNN: That is all I have, Your Honor.

18 THE COURT: You may cross-examine, Mr. Litt.  
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CROSS-EXAMINATION

BY MR. LITT:

Q Miss Dincalci -- Mrs. Dincalci, I am sorry, you actually left the church in 1979?

A Right.

Q And after that were there any occasions on which you returned to the church and had contact with people there?

A Yes.

Q Did that occur at all in 1979?

A Yes.

Q And that was the church here in L.A. at the Cedars Complex?

A Yes.

Q And on how many occasions did that occur?

A I went in there three or four times, I guess.

Q And was that to meet and talk with various people?

A Yes.

Q I take it you didn't actually engage in any services, but you were just retaining your relations with people?

A I went in to see if I could get the money back that I had paid them for services I never received.

Q And in 1980 -- did you go into the church on any occasions in 1980?

A 1980 -- actually think that is what I was referring to was in 1980.



5 2  
1 Q How about after 1980, 1981, did you have any  
2 contact with people then?

3 A Not that I recall.

4 Q Did you have any social contact with people  
5 who had been friends of yours while you were in Scientology  
6 during the years 1980 and 1981?

7 A People that had been friends of mine while I  
8 was in Scientology, yes.

9 Q So you continued to maintain social relations  
10 with some people who were still in the church?

11 A They weren't still in the church.

12 Q Now, let's go to the year 1982.

13 You described the fact that you and your  
14 husband gave photos to Mr. Armstrong to sell; do you  
15 remember what that was? Was that in April?

16 A I think so, yes.

17 Q And the photos themselves were photos that your  
18 husband had. You weren't present when any of them were  
19 taken; is that correct?

20 A That is correct.

21 Q Now, at the time that Mr. Armstrong took  
22 these photos in to be sold, had you had any contact with  
23 Mr. Flynn?

24 A Yes.

25 Q And had you gone to someplace other than  
26 California to meet with Mr. Flynn?

27 A Yes.

28 Q Was that at his office in Boston?

15/4  
1 A Uh-huh.

2 Q And did you pay your own way there or did he  
3 pay your way?

4 A He reimbursed us.

5 Q Do you remember when that meeting occurred?

6 A I actually am not sure of the month, but it  
7 was right around that same time period.

8 Q Was it before the transaction with Mr. Armstrong  
9 concerning the photographs?

10 A I think so.

11 Q And before this transaction with the photographs  
12 had you told Mr. Armstrong about your meeting with Mr. Flynn?

13 A Yes.

14 Q And had you suggested to him that he go see  
15 Mr. Flynn as well?

16 A Yes.

17 Q Now after the photograph incident occurred,  
18 did you go back into the church some time in early May?

19 A Yes.

20 Q And you went back into the church, did you  
21 not, to once again seek a resolution of your claim for a  
22 refund?

23 A Yes.

24 Q And did you meet with someone there?

25 A Yes.

26 Q And who was that, do you recall?

27 A You mean for that purpose? I mean, I met --

28 Q Did you have a discussion with someone at the

15 4

1 church concerning this?

2 A I got -- concerning what, though? I had two  
3 meetings.

4 Q Concerning the refund?

5 A Concerning the refund, yes.

6 Q Do you remember when that was?

7 A May.

8 Q And was your husband with you at the time?

9 A No.

10 Q Did you have a second occasion on which you  
11 returned to the church?

12 A Well at the same time I also spoke to Terry  
13 Gamboa about the photos at that point and if they would return  
14 them.

15 Q And you and Miss Gamboa had a discussion about  
16 the circumstances surrounding the photos and what happened?

17 A Somewhat, yes.

18 Q Now, aside from your discussion with  
19 Miss Gamboa, did you return to the church to further discuss  
20 this question of a refund?

21 A I returned to the church. They had given me  
22 a check and on the back of the check they had agreed to give  
23 me a refund of money that I had never spent but was on  
24 account, and went back because their bank would not cash the  
25 check because on the back they had typed a long disclaimer  
26 on the check, and the bank said, "Well, they know that we  
27 won't cash checks like that."

28 Q This was a check made out to you?

15/5

1           A        To me.

2           Q        And was your husband present during any of  
3 these discussions?

4           A        No.

5           Q        And so after you got this check and it had  
6 this disclaimer, was the disclaimer a waiver of any claims  
7 you might have? Was that your understanding?

8           A        It was a blanket statement that L. Ron Hubbard  
9 and Mary Sue Hubbard had nothing to do with the church,  
10 and a long statement like that.

11          Q        Did it also contain statements concerning the  
12 fact that by cashing this check, you relinquished any claims  
13 you may have; do you remember that?

14          A        I had to sign a separate form saying that,  
15 But I am not sure.

16          Q        So, you returned the church because you weren't  
17 sure you wanted to sign such a waiver?

18          A        I returned to the church because I wanted  
19 that money that I had never received.

20          Q        And you had a discussion concerning certain  
21 reservations that you had about signing this; is that  
22 correct?

23          A        Yes.

24          Q        And that included a discussion about this  
25 dispute concerning the photographs; is that right? You  
26 raised that?

27          A        I don't believe so.

28          Q        Was there any discussion about the photographs

5 '6  
1 at all?

2 A To that individual, no.

3 Q Was there any discussion about the photographs  
4 in connection with this waiver that you signed?

5 A No.  
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36-1 1 Q And did you, after discussing this waiver, say  
2 that you wanted to consult the advice of an attorney before  
3 signing it?

4 A Yes.

5 Q And you then returned subsequently and signed  
6 a waiver?

7 A That is correct.

8 You are going back an earlier time period but,  
9 yes, that is correct.

10 Q Now, in May you had some contact with Mr. Flynn  
11 at the Bonaventure Hotel; is that right?

12 A Yes.

13 Q Mr. Armstrong was present also?

14 A Uh-huh.

15 Q And were you -- as I understood it, this was a  
16 two-day meeting or series of meetings or whatever; were you  
17 or your husband present on both days, or just one?

18 A I think it was just one.

19 Q Were you present at the same time that  
20 Mr. Armstrong was present?

21 A Yes.

22 Q And were there some documents there that  
23 Mr. Flynn had?

24 A There were some documents there, yes.

25 Q And did Mr. Flynn make reference to these  
26 documents in the course of your conversations?

27 A To be honest with you, at that time I don't  
28 recall whether he actually did or not.

1 I didn't speak very much with Mr. Flynn at that  
2 meeting myself. He may have.

3 Q There were some documents that were spread out  
4 on a table or bed, right, that people were free to take a  
5 look at; is that correct?

6 A Well, I guess they were -- I mean --

7 Q You had the understanding that people were free  
8 to take a look at them; is that right?

9 A No, not particularly. No one made a statement  
10 to that effect or anything. I don't know.

11 Q Did you take a look at any of them?

12 A I don't think I did at that time.

13 Q Did your husband -- strike that.

14 When you say "at that time," did you at some other  
15 time?

16 A I had seen some documents.

17 Q When did you see documents?

18 A Earlier. Maybe a month or two earlier, maybe  
19 a month earlier.

20 Q Let me see if I understand this.

21 Mr. Armstrong, I take it, showed you these  
22 documents?

23 A Yes, he did show us some documents.

24 Q And this was in March or April?

25 A I would say it was -- I think it may have been  
26 in April. Give or take a month, I really --

27 Q This was all before the incident with the  
28 photographs that you have described that you saw these

1 documents?

2 A That I saw some documents, yes.

3 Q Where was it that you saw these documents?

4 A At my house.

5 Q Mr. Armstrong brought them to your house?

6 A Yes.

7 Q He brought them there and he showed them to  
8 you?

9 A Yes.

10 Q And he showed them to your husband?

11 A Yes.

12 Q And did you read them?

13 A I read some documents, yes.

14 Q And among the documents was what you would agree  
15 was a quite private journal of some type of Mr. Hubbard's  
16 that appeared to come from the post-war period, 1945 to 1950  
17 period; is that correct?

18 A I don't know what period, but there were some  
19 writings of Mr. Hubbard.

20 Q That were quite private; you thought so, didn't  
21 you?

22 A Well, I thought they revealed --

23 Q Aside from what you thought they revealed, you  
24 did feel that they were personal; didn't you?

25 A I don't know how you make that distinction.

26 His books are personal; his stories about -- but  
27 they were his, you know, in his own handwriting, his own  
28 thoughts, you know.



1 Q His own thoughts; you agree with that  
2 characterization?

3 A Uh-huh.

4 Q And aside from this document, did Mr. Armstrong  
5 show you a letter of Mrs. Hubbard's to Mr. Hubbard from the  
6 early 1950's?

7 A No. But --

8 Q What else besides this one --  
9 You were going to say something more?

10 A No.

11 Q What else besides this journal or whatever we  
12 call it of Mr. Hubbard's did Mr. Armstrong show you?

13 A There was a notebook which contained what  
14 seemed to be a Black Magic Ritual or something in his  
15 handwriting.

16 Q And anything else that you recall?

17 A Those were the two things that stand out in my  
18 mind that I recall.

19 Q Was there any correspondence between Mr. Hubbard  
20 and anyone?

21 A We are speaking about things that he showed me  
22 at my house; right?

23 Q Yes.

24 A No.

25 Q Did you see some correspondence on some other  
26 occasion other than at your house?

27 A I do recall that I saw some correspondence at  
28 the --

1 Q At the Bonaventure Hotel?

2 A Yes.

3 Q Was that the letter from Mrs. Hubbard to  
4 Mr. Hubbard in the early 1950's as you recall?

5 A What I recall is a letter -- one of his earlier  
6 wives to another, a later wife.

7 Q And did you read that at the time or glanced  
8 through it?

9 A Yes, I did.

10 Q Going back to this discussion at your house where  
11 Mr. Armstrong brought these, do you remember any other  
12 documents besides what you have described that Mr. Armstrong  
13 brought with him to your house?

14 A The Excalibur.

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- 77/1
- 1 Q The manuscript of "Excalibur"?
- 2 A The manuscript, uh-huh.
- 3 Q Anything else that you recall?
- 4 A Nothing else that I recall at the time.
- 5 Q And your husband read these at the time, also;
- 6 is that right?
- 7 A To some degree.
- 8 Q And you and Mr. Armstrong and your husband
- 9 had a discussion about these documents?
- 10 A We discussed them.
- 11 Q Was anybody else present?
- 12 A No.
- 13 Q Was Joyce Armstrong present?
- 14 A Oh, yes, I am sorry.
- 15 Q Just the four of you?
- 16 A Uh-huh.
- 17 Q Was there ever any occasion on which
- 18 Mr. Armstrong brought documents of this type to your house?
- 19 A I don't recall that there was another time that
- 20 he brough them. I think there was the one instance that he
- 21 brought them. He may have brought -- I did store some
- 22 things in our garage later. There may have been
- 23 documents there. I didn't go through --
- 24 Q When did he store things in your garage; do
- 25 you recall?
- 26 A I think it was probably in the end of May.
- 27 I really don't know the time. I am not too good on times.
- 28 Q Right after this meeting at the Bonaventure

1 Hotel or somewhere around that time frame?

2 A I think so. I honestly don't know. I really  
3 don't remember in relation to --

4 Q Were there any occasions on which you were  
5 at Mr. Armstrong's house and also saw some documents?

6 A I may have. I don't remember. I only remember  
7 reading them really at my house.

8 Q Did Mr. Armstrong mention to you who else he  
9 had shown these documents to?

10 A I don't think he had shown them to anyone  
11 except to Omar to my recollection. I don't believe he  
12 had.

13 Q That is not my question. Did he mention to  
14 you anyone else? I take it the answer to that is no?

15 A That is correct. It is no.

16 Q Now, going back to the Bonaventure Hotel  
17 meeting, some of the same documents that you described  
18 having been at Mr. Armstrong's house were present at this  
19 meeting, also; correct?

20 A Uh-huh.

21 Q And also more documents; is that right?

22 A I think so.

23 Q And do you know if your husband looked through  
24 some of these documents on that occasion?

25 A He probably did. I don't know. We were mostly  
26 talking with others who were present more than we were  
27 looking at documents.

28 Q Other people were looking at documents?

1/3

1           A           I am saying we were talking with others rather  
2 than looking at documents.

3           Q           Do you recall any other people besides you  
4 and your husband looking at any of these documents?

5           A           Kima and Mike Douglas may have looked at some  
6 of them.

7           Q           Did you have any discussion with them afterward  
8 about whether they had looked at any of them?

9           A           You'd think I would remember this clearly,  
10 but -- I probably did.

11          Q           And it was your understanding, wasn't it,  
12 that Mr. Flynn was in present possession of those  
13 documents?

14          MR. FLYNN:  Objection.

15          THE COURT:  Well I will sustain the objection.

16          Q           BY MR. LITT:  Well, do you recall whether or  
17 not Mr. Flynn invited people to read them?  Do you have any  
18 recollection of that?

19          A           No, I don't.

20          Q           Well, somebody invited people to read them.  
21 You felt you had permission from somebody to read them;  
22 didn't you?

23          A           At the Bonaventure?

24          Q           Yes.

25          A           Well, I had already seen them, so I felt  
26 like it was okay to look at those things that I had already  
27 seen.  But as I said, I don't think I was reading the  
28 documents on that occasion.  There were some things around.

37 4  
1 Q And it was your understanding that whoever  
2 wanted to take a look at them was welcome to do so; wasn't  
3 it?

4 THE COURT: It assumes she had an understanding.

5 Q BY MR. LITT: Did you have an understanding  
6 with respect to whether people were able to look at these  
7 documents while they were attending this meeting?

8 A Well, some people did look at them. They  
9 were able to, yes.

10 Q And did you have an understanding as to whether  
11 people were given permission to do so in some form?

12 A Nothing was said to that effect, but people  
13 did. Some people did look at them, so whatever.

14 Q And it was your understanding that that was  
15 okay?

16 A Not necessarily.

17 Q Well, you felt if you wanted to look at them,  
18 you could; right?

19 A Not necessarily. I did not know to what  
20 degree I could look at what. I didn't know. I didn't have  
21 a clear understanding of that, no.

22 MR. LITT: May I have a moment, Your Honor?

23 I have nothing further, Your Honor.

24 THE COURT: Mr. Harris?

25 MR. HARRIS: Briefly, Your Honor.  
26  
27  
28

## CROSS-EXAMINATION

1  
2 BY MR. HARRIS:

3 Q Miss Dincalci, you were on the staff of some  
4 church from what years?

5 A I was on staff from 1975 through 1977 at the  
6 American Saint Hill Organization.

7 Then I joined the Sea Org and was at La Quinta  
8 from 1977 to 1979.

9 THE COURT: Well, I think we had better take a recess.

10 (Recess.)  
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1 THE COURT: We are back in session. The witness has  
2 retaken the stand.

3 State your name again for the record, ma'am.  
4 You are still under oath.

5 THE WITNESS: Nancy Dincalci.

6 THE COURT: You may continue, Mr. Harris.

7 MR. HARRIS: Thank you, Your Honor.

8 Q Prior to going on staff at American Saint Hill  
9 Organization were you a public Scientologist?

10 A That's right.

11 Q And when you went on staff at American Saint Hill  
12 Organization were you an auditor?

13 A Yes.

14 Q And did you hold any other posts?

15 A No. At that time -- I did in the Sea Org later  
16 on, but you mean at the American Saint Hill Organization;  
17 right?

18 Q Yes. That was from 1975 to 1977?

19 A I believe so.

20 Q And were you auditing public people or staff?

21 A Both.

22 Q When you were an auditor you understood what the  
23 auditor's code was?

24 A Yes.

25 Q And you abided by it?

26 A In retrospect, I didn't later on when I was in  
27 the Sea Org and I culled PC folders.

28 Q When you were on staff at American Saint Hill



1 Organization did you abide by the auditor's code?

2 A To the best of my ability, I believe I did.

3 Q And you joined the Sea Org when?

4 A 1975 -- I'm sorry -- 1977.

5 Q And did you join at the American Saint Hill  
6 Organization?

7 A No.

8 Q Where did you join?

9 A Where? I just joined under a special project  
10 to go to work with LRH and then went to La Quinta.

11 Q And when did you arrive at La Quinta?

12 A Approximately June.

13 Q Of?

14 A '77.

15 Q And Mr. Hubbard was there?

16 A At that time he wasn't there. He returned a  
17 little bit later on.

18 Q And your post at La Quinta was, again, an  
19 auditor?

20 A That is correct.

21 Q Now, I take that you weren't auditing any public  
22 people there?

23 A No. There were no public people there.

24 Q Just the staff members that were there at  
25 La Quinta?

26 A That's right.

27 Q By the way, is Mr. Flynn your attorney?

28 A I have no attorney.

1 Q All right. Have you spoken to Mr. Flynn during  
2 your cross-examination like right out in the hall here?

3 A Yes.

4 Q And Mr. Armstrong?

5 A Yes.

6 Q And did you discuss your cross-examination?

7 A You mean what? Previously?

8 Q Yes.

9 A To some --

10 Q Now, did you participate in any of the films  
11 as an actress or otherwise?

12 A I was a makeup -- I put makeup on people and  
13 I was an actress in one or two scenes.

14 Q And when you were -- I take it you would also  
15 be an auditor at the same time?

16 A No. At that time everyone in the org went to  
17 work in the films for a while, so I just did for a while.

18 Q And these films were what subject  
19 matter?

20 A They were films about Scientology.

21 Q Now when you left the church, you routed out  
22 of the Sea Org; did you?

23 A That is right.

24 Q And you did that at La Quinta?

25 A That's right.

26 Q Prior to routing out of the Sea Org, did you  
27 understand that there were certain steps that you went  
28 through in order to do that?

1           A           Yeah, there is a routing form for everything  
2           in the Sea Org.

3           Q           And were you aware of that routing form before  
4           you embarked upon routing out?

5           A           I wasn't aware of what specific steps, but I  
6           was aware that I'd be sec checked and that sort of thing.

7           Q           And when you were involved as a staff member  
8           in the church, you were aware of the freeloader policy;  
9           correct?

10          A           That's right, I was.

11          Q           And at the time that you received services,  
12          you would sign a no charge invoice?

13          A           Uh-huh.

14          Q           And you were aware of the practice of having  
15          the services which you received charged if you routed out;  
16          is that correct?

17          A           Yes.

18          Q           And the bill that you received, did you  
19          understand that to be a freeloader bill?

20          A           Uh-huh.

21          THE COURT:   You have to answer audibly.

22          THE WITNESS:  I am sorry; yes.

23          Q           BY MR. HARRIS:  And did you also receive other  
24          communications which asked you to get back on the bridge?

25          A           Yes, yes.

26          Q           Written communications?

27          A           Typed.

28          Q           And talking you about, "Why don't you get

9/3

1 your freeloader debt paid off and come back and join us?"

2 A In the first year or so, yes.

3 Q Nobody has taken any legal action against you  
4 for that freeloader debt; have they?

5 A No.

6 Q And you are not aware, are you, of anybody  
7 that has had any legal action taken against them regarding  
8 their freeloader debt?

9 A Not that I am aware of.

10 Q Now you saw Mr. Armstrong after you routed  
11 out of the Sea Organization. When was the first time that  
12 you saw -- I will withdraw that.

13 After you routed out of the Sea Organization,  
14 when is the first time you saw Mr. Armstrong?

15 A Oh, let's see, '80 or '81.

16 Q And where did you see him?

17 A In the apartment that I was living in at the  
18 time in Torrance.

19 Q And was he still with the church at that point?

20 A Yes.

21 Q And subsequently did you see him after he left  
22 the church?

23 A Yes.

24 Q And when was the first time that you saw him  
25 after you left the church as best you can date?

26 A I think it was January '82.

27 Q Did you have conversations with Mr. Armstrong  
28 in January '82 respecting his leaving the church?

- 1 A Yes.
- 2 Q And how many such conversations did you have?
- 3 A I recall one that we had dinner together.
- 4 Q In January 1982?
- 5 A '82, uh-huh.
- 6 Q Now, who was present during that conversation?
- 7 A My husband, Garry and Joscelyn.
- 8 Q Now in January 1982 what was Mr. Armstrong's  
9 state of mind that you observed in that conversation?
- 10 A Well, I think he was sort of in a state of  
11 shock and feeling kind of a betrayal because of all the  
12 materials that he had discovered about L. Ron Hubbard, and  
13 he was just going through the process of sorting out what  
14 was true, what wasn't true, what he had been through in  
15 the Sea Org, that kind of thing.
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40 1 Q And when you had this conversation -- strike  
2 that.

3 This is a state of mind that you observed, that  
4 he was in shock?

5 A I don't think he was actually in shock like the  
6 medical term. But I mean I think he was shocked by the  
7 whole experience. I mean he was -- yes.

8 Q When you say he was shocked, is this something  
9 that you got from your conversation with him?

10 A Uh-huh.

11 Q And when is the next time that you saw him?

12 A I don't recall. I mean over the next several  
13 months. I don't know exactly. I know -- I only clearly  
14 remember seeing him again in April. I probably saw him many  
15 other times. I don't remember.

16 Q Do you remember him discussing with you his  
17 reasons for leaving the church at any time between January  
18 and April, 1982?

19 A Between those times, I don't recall.

20 Q And when was it that you observed his state of  
21 mind to be fearful?

22 A Well, the incident I was talking about earlier  
23 was in September, I believe.

24 Q September, 1982?

25 A Uh-huh.

26 Q And that is the incident where you went to some  
27 dark corner where he was?

28 A That's right.

1 Q Okay. Now, other than that instance where you  
2 observed his state of mind to be fearful, did you observe  
3 it earlier on any occasion?

4 A Did I observe him to be fearful?

5 Q Yes.

6 A Yes.

7 Q When was that?

8 A Various times that I saw him over the months  
9 before that.

10 I saw him fairly frequently between April and  
11 September.

12 Q All right. At the time that he brought you  
13 documents at your house, which was in April, 1982 --

14 A Actually, I don't think it was in April. I think  
15 it was -- I think it was in May, 1982.

16 Q But prior to the Bonaventure meeting?

17 A I think it was prior, yes.

18 Q And who was present at the time that he showed  
19 you documents?

20 A My husband and Jocelyn.

21 Q And at that time did you observe him to be --  
22 did you observe him to be of the state of mind of fear?

23 A Well, he was -- he was at that time, I would say,  
24 after the photos were stolen, yes.

25 Q But this incident where he showed you the  
26 documents was before the photos; isn't that correct?

27 A No. It was after the photos.

28 Q After the photos?

1           A       I believe so.

2           Q       Now --

3           A       Let me think.

4           Q       Let me understand this: Was the photo incident  
5 in April as far as you remember?

6           A       As far as I remember, the photo incident was the  
7 end of April.

8           Q       And his showing you the documents was now, you  
9 say, in May at some point?

10          A       I think it was in the beginning of May.

11          Q       All right. Now, when he was with you on this  
12 occasion, when he was showing you the documents, did you have  
13 conversations with him about the documents?

14          A       Yes.

15          Q       And by the way, the Excalibur that he showed you,  
16 that manuscript, was that a carbon copy or a Xeroxed copy?

17          A       I actually don't know. I don't know if it was  
18 a copy or not.

19          Q       Did he tell you that the materials that he was  
20 showing you was from the archives?

21          A       For the most part I -- actually, I don't think  
22 he told me. I knew that they were data that he had  
23 collected, I know, for Omar to write the biography.

24          Q       And was it your understanding at the time that  
25 he showed you the documents that he was doing so because  
26 he was in the state of mind of fear?

27          A       No. I don't think it was because of that. I  
28 think it was just because he was kind of trying to figure



1 out what this whole experience of being in the Sea Org and  
2 working for L. Ron Hubbard was about and what the man was  
3 about.

4 Q Did you become aware that he was eating nothing  
5 but brown rice during that period?

6 A Was I aware of that?

7 Q Yes.

8 A No.

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471  
1 Q He didn't talk to you about that?

2 A Eating nothing but brown rice?

3 Q Did he say that to you?

4 A I don't recall that.

5 Q Did he talk to you about walking across the  
6 country?

7 A He talked to me about doing that.

8 Q And when was that?

9 A I think that was in April.

10 Q April of 1982?

11 A Yes.

12 MR. HARRIS: I have no further questions.

13 THE COURT: Mr. Flynn?

14 MR. FLYNN: A couple, Your Honor.

15

16 REDIRECT EXAMINATION

17 BY MR. FLYNN:

18 Q In connection with the walking across the  
19 country, did he tell you why he changed his mind and wasn't  
20 going to do it?

21 A Yes, because after the photos were stolen,  
22 after the photos were stolen I think he did feel fearful,  
23 and I think he felt he was fair game from that organization  
24 and perhaps he wouldn't be safe and that he was under attack.

25 MR. LITT: Objection; move to strike. The witness  
26 did not answer the question. The question was what she was  
27 told and the answer was what she thinks.

28 Q BY MR. FLYNN: What did he tell you, Miss Dincaldi?

4.72  
1 A He told me that.

2 Q Did he tell you that in walking across the  
3 country in open spaces he could be murdered?

4 MR. LITT: Objection; leading.

5 THE COURT: Well, it is just repeating what she  
6 said. Overruled.

7 Q BY MR. FLYNN: What did he say?

8 A He felt that way, that he could be.

9 Q Now, when we were discussing your examination  
10 out in the hallway, did you go over in your memory exactly  
11 when the documents were stored in your garage and the  
12 circumstances?

13 A Uh-huh.

14 Q Now, that is a yes?

15 A Yes, I did, yes.

16 Q Now, do you associate the storage of the  
17 documents in the garage with Mr. Armstrong going anywhere?

18 A Yes. That is when he went to Clearwater.

19 Q And that was in early May; is that correct?

20 A As far as I can recall correctly, yes.

21 Q Did you notice a shift in Mr. Armstrong after  
22 the photos were stolen or taken from him?

23 A Definitely.

24 Q What did you notice in the way of a shift in  
25 his personality?

26 A That is when I observed that he did become  
27 more fearful and stressed and anxious about the whole  
28 situation.

11/3

1 Q Are you certain that when the photographs  
2 were stolen that were stored in your garage, it was when  
3 Mr. Armstrong went to Clearwater after the photos were  
4 stolen?

5 MR. HARRIS: I'm sorry. I didn't understand the  
6 question.

7 THE WITNESS: Yes.

8 THE COURT: Was she certain. I will sustain the  
9 objection. Strike it; unclear, ambiguous.

10 Q BY MR. FLYNN: And with regard to the first  
11 time Mr. Armstrong showed you any documents, was it after  
12 the shift in his personality that you noticed?

13 A Uh-huh, yes.

14 Q Did Mr. Armstrong try to talk you out of  
15 coming to my office to see me?

16 A Actually, yes. He didn't think it was a good  
17 idea to go see you at the time that I did.

18 Q What was the effect on you, Miss Dincalci,  
19 of seeing the documents that you saw in May 1982?

20 MR. LITT: Objection; irrelevant.

21 THE COURT: Well, overruled.

22 THE WITNESS: I was shocked and I also found it  
23 helpful for me personally to answer some questions in my  
24 own mind and just to kind of try to sort it out for myself  
25 as to who L. Ron Hubbard was, that kind of thing.

26 Q BY MR. FLYNN: And based on your years of  
27 experience in the Sea Organization and people who have  
28 left, do you believe it would be helpful to thousands of

1/4

1 such people who were in your position?

2 A I really do.

3 MR. HARRIS: I object to that, Your Honor.

4 THE COURT: I will sustain the objection. Strike it.

5 Q BY MR. FLYNN: Now when you were culling PC  
6 files, did you do it in a group in which Mr. Lyman Spurlock  
7 was present?

8 MR. LITT: Objection; beyond the scope. There was  
9 no examination on this.

10 THE COURT: Well, I will sustain the objection unless  
11 you want to reopen.

12 MR. FLYNN: I'd like to reopen this one question,  
13 Your Honor, that I have learned from the witness at the  
14 break.

15 THE COURT: Okay.

16 Q BY MR. FLYNN: Was Mr. Spurlock in a group  
17 actually culling PC files with Guardian's office members to  
18 your knowledge, Miss Dincalci?

19 A All auditors there culled PC folders and  
20 sent copies to the Guardian's office after each session.

21 Q And he was in the group that was doing that?

22 A He was an auditor there with me, yes.

23 MR. FLYNN: That is all I have.

24 THE COURT: Mr. Litt?

25 MR. LITT: May I have a moment?

26

27

28

## REXCROSS-EXAMINATION

42 1 BY MR. LITT:

2 Q Miss Dincalci, I take it after you went and had  
3 a discussion with Mr. Flynn and Mr. Armstrong it refreshed  
4 your recollection, is that right, during the break about the  
5 date of the storage?  
6

7 A I recall that it was -- I mean -- yes. I recall  
8 that it was when Gerry went to Clearwater. And that is the  
9 reason he put them there, because he was going out of town,  
10 yes.

11 Q And it was your understanding that these  
12 documents were from among the documents that Mr. Armstrong  
13 had had when he was the archivist?

14 A At that time I had no understanding.  
15 Gerry simply said, "Can I store these in your  
16 garage?"

17 There were some boxes there.

18 Q Now you have such an understanding?

19 A I assumed at that time and I assume now that they  
20 were documents. But I didn't even mention to him.

21 Q And the events during which Mr. Armstrong had  
22 brought you the documents to look at that you testified to  
23 earlier, that happened before he brought this material to  
24 you for storage; right?

25 A Yes.

26 Q And I think your testimony was probably a month  
27 before?

28 A No.

1 Q Something like that?

2 A No. I don't think it was that -- I think it was  
3 really right around the same time period.

4 Q Did you get your memory refreshed about that too  
5 from a conversation with Mr. Armstrong and Mr. Flynn during  
6 the break?

7 A No. They did not refresh my memory on that.

8 Q Did you discuss it with them?

9 A Oh, when I saw the documents?

10 Q Yes.

11 A Uh-huh.

12 MR. LITT: I have nothing further.

13 THE WITNESS: But only in terms of saying in relation  
14 to this or that. They helped me sort it out.

15 THE COURT: Mr. Harris.

16

17

REXCROSS-EXAMINATION

18 BY MR. HARRIS:

19 Q While you were an auditor at La Quinta,  
20 Mr. Spurlock was the Qual Sec; is that right?

21 A He was an auditor.

22 Q Was he the Qual Sec at some point?

23 A I don't recall him being the Qual Sec while I  
24 was there.

25 Q Now, you yourself culled PC folders?

26 A Every auditor culled the folders after each  
27 session for any crimes and sent them to the Guardian's Office  
28 at La Quinta.

1 Q You did that?

2 A I did that, yes.

3 THE COURT: What did you consider to be a crime or what  
4 were your instructions?

5 THE WITNESS: Actually, it was anything that could be  
6 used against somebody. It was not necessarily a crime. It  
7 could be an embarrassing fact. It could be anything that  
8 was blackmailable.

9 Q BY MR. HARRIS: And you saw Mr. Spurlock doing  
10 this?

11 A Yes.

12 Q When was that?

13 A During the period that I was an auditor there  
14 or maybe 1977 when we would write sessions up.

15 Q Who was the Guardian's Office Representative at  
16 La Quinta?

17 A Ann Mulligan.

18 Q Anybody else?

19 A For a time, Mary Sue Hubbard was there, I  
20 guess.

21 Q She was -- anybody else?

22 A Jimmy Mulligan.

23 Q Anybody else?

24 A Are you asking me was there anybody else who  
25 was in the Guardian's Office there?

26 Q At La Quinta, yes.

27 A Yes.

28 Q Who?



1           A       Brian Rubenik; Fred Rock; Fred Hare. That is  
2 all I recall offhand.

3           Q       So to whom did you route these communications  
4 as an auditor?

5           A       To Ann Mulligan.

6           Q       Anyone else?

7           A       One also went to the case supervisor.

8           Q       And the case supervisor, that was who?

9           A       Paulette Cohen most of the time.

10          Q       As a matter of fact, all session write-ups went  
11 to the case supervisor; right?

12          A       Uh-huh.

13          Q       And that is something that you did while you  
14 were an auditor at the American Saint Hill Organization;  
15 right?

16          A       That's right.

17          Q       And that is for the purpose of programming the  
18 next auditing session?

19          A       That is correct.

20          Q       Did you send PC file data to anybody else?

21          A       At that time period?

22          Q       Yes.

23          A       Sometimes you might send it to an ethics officer  
24 if there is a situation -- if you ever perceived that someone  
25 was possibly out security and might leave or might have any  
26 sort of feelings that were negative about the group or  
27 L. Ron Hubbard or any of the going ons; you might write that  
28 up to someone else.

1 Q In the form of a knowledge report?

2 A Uh-huh.

3 Q And when you were auditing at American Saint Hill  
4 Organization did you write up knowledge reports to ethics  
5 officers?

6 A Not in the same way. There was not emphasis on  
7 security at that organization.

8 Q And it was at La Quinta that you began doing  
9 this?

10 A Yes.

11 Q And while you were at American Saint Hill  
12 Organization you did not route anything to the Guardian's  
13 Office?

14 A I didn't personally, no.  
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1 Q And specifically when did you see Mr. Spurlock  
2 culling PC folder data?

3 A It was an ongoing thing when you wrote sessions  
4 up. I can't give you a specific date where it occurred. It  
5 was something -- it was a standing rule.

6 Q And who gave you that rule?

7 A The CS.

8 Q And who was the CS?

9 A Paulette Cohen.

10 MR. HARRIS: I have no further questions.

11 THE COURT: Mr. Flynn?

12 MR. FLYNN: Nothing further.

13 THE COURT: What does CS stand for?

14 THE WITNESS: Case supervisor.

15 THE COURT: All right. You may step down.

16 MR. FLYNN: I have one more question in light of the  
17 court's question.

18  
19 REDIRECT EXAMINATION

20 BY MR. FLYNN:

21 Q Culled crimes from PC files did not go to  
22 the Guardian's office for any purposes of improving a  
23 person's auditing; is that correct, Miss Dincalci?

24 A That is correct.

25 Q That went for intelligence purposes; is that  
26 correct?

27 A That is right.

28 MR. FLYNN: That's all I have.

1 THE COURT: Anything further?

2 MR. HARRIS: No, Your Honor.

3 THE COURT: All right, you may step down. You are  
4 excused.

5 MR. FLYNN: Ed Walters.

6 MR. LITT: Your Honor, before we proceed with  
7 Mr. Walters, I have, in order to insure that my memory was  
8 correct, looked at the set of witness lists that the court  
9 has in its possession.

10 Nancy Dincalci was not on the witness list.  
11 Ed Walters is not on the witness list. Lyman Spurlock is  
12 not on the witness list, and it just seems that at a certain  
13 point that the purpose of these rules seem to be receding  
14 into the background. There was a witness list of over 50  
15 people or maybe it was 50, something like that, rather  
16 extensive, and this is now the third witness that is being  
17 called who was not on the witness list, and it just seems  
18 to me with the already existing scope of this case that it  
19 is inappropriate to call Mr. Walters. There have already  
20 been two witnesses that the court had permitted to testify  
21 who are not on the witness list, and we certainly are not  
22 prepared at this point and have no way of knowing to be  
23 prepared that Mr. Walters was going to be a witness in this  
24 case nor does it appear that he has any knowledge that  
25 really pertains to the direct issues in the case, at least,  
26 or anything having to do directly with Mr. Armstrong.

27 So we would ask that the court decline to  
28 permit Mr. Walters to be called as a witness under the

1 circumstances.

2 MR. FLYNN: Your Honor, I have checked with  
3 Miss Dragojevic. Apparently Nancy Dincalci was not on the  
4 witness list.

5 However, the plaintiff and the intervenor in  
6 their preparation of this case knew because it was their  
7 case what documents they were going to introduce and they  
8 introduced innumerable documents that were not listed on  
9 their list of documents and, in fact, most of the documents  
10 the great bulk were given to me during the course of this  
11 case and during the course of cross-examination, and many  
12 of the documents on the face of the document it became self-  
13 evident that they knew that those documents would be used.

14 For example, what I characterize as the fish  
15 story of L. Ron Hubbard on the action of Cape Lookout.  
16 That was something that I am sure has been researched for a  
17 great period of time, and there are many such documents  
18 that I had no knowledge of until they were handed to me  
19 just before the witness was asked the question. The court  
20 has allowed many of those documents to be used.

21 We now come to a point in the case where  
22 the issues have been formulated to a more precise degree  
23 than they were obviously before the case started, and a lot  
24 of those issues relate to documents that have been introduced  
25 and the issue of the cancelation of the Fair Game Doctrine  
26 has become a significant issue in the case because of  
27 Mr. Armstrong's fear of it and his state of mind.

28 For the organization to take the position that

1 the doctrine was cancelled when there is extensive  
2 evidence before the court of such things as the culling of  
3 PC files, the SP Declare that was issued on Mr. Armstrong,  
4 the activities of these private investigators, the criminal  
5 activities as Mr. Spurlock put it of the organization over  
6 a long period of time which resulted in the removal of  
7 1,100 people from their post or from something raises the  
8 issue of what in practice, regardless of what the semantics  
9 of some of these writings of L. Ron Hubbard which oftentimes  
10 have dual meanings, what in practice took place with regard  
11 to Guardian's office members against perceived enemies,  
12 and Mr. Walters in a very short period of time can give  
13 very specific testimony of whether or not that policy was  
14 ever cancelled and two, ways in which it was implemented  
15 against non-Scientology members as well as Scientology  
16 members.

17 So I think that the evidence -- we have  
18 been in trial for some number of weeks. We are in our  
19 eighth week now. I think for 20 minutes of examination  
20 on an important issue of this type, it would be very  
21 illuminating and instructive to the court.

22 MR. LITT: If I may, Your Honor, two points.

23 The first is that I think that Mr. Flynn is  
24 confusing some things. It is our obligation to list and  
25 provide copies of our case-in-chief documents. It is  
26 the other side's obligation to obtain general documents  
27 in the course of discovery.

28 The court required that we provide documents

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1 as expeditiously as we could that we were using in cross,  
2 and we tried to do so. I don't think that has anything to  
3 do with the question of people on the witness list.

4 As to the question of the issue of cancelation  
5 of the Fair Game only now coming up, I would remind the  
6 court that we were arguing the motions in limine at the  
7 time that we thought this would be a jury trial. One of  
8 the areas that we asked that there be no testimony on was the  
9 area of fair game and Mr. Flynn's was that he would only  
10 have limited testimony unless it was contended that fair game  
11 would be cancelled or had been cancelled. I am sorry.

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42 1           So that the notion that the question of  
2           cancellation of Fair Game is a new issue in this case, I think  
3           is not an accurate reflection of the record in the case.  
4           And I think the Court has given Mr. Flynn substantial leeway.  
5           And it is just at a certain point it is not fair to list one  
6           set of extensive witnesses who we have to then get prepared  
7           for because we don't know whether they'll be witnesses or  
8           not and then to begin calling a completely different set of  
9           witnesses.

10                   After all, there have only been -- this, I think,  
11           is the fifth defense witness and will be the third out of  
12           the five who will not have been listed on the witness list.

13                   That seems to me to be inappropriate. I have  
14           nothing further.

15                   THE COURT: Well, I am not really sure what the  
16           Plaintiff's position on this is. There is a lot of talk  
17           about cancellation, but as I recall now the document that  
18           was presented was something that came out in '82.

19                   MR. HARRIS: No, Your Honor. There is -- the  
20           document --

21                   THE COURT: I have seen so many documents.

22                   MR. HARRIS: The document is -- I believe it is 1980.  
23           And the reason that that one was chosen is because it came  
24           out of the issues file that Mr. Armstrong had which indicated  
25           that he had seen it.

26                   If Your Honor wants I can present, you know,  
27           numerous intervening documents that -- one just re-affirms  
28           that it had previously been canceled; it remained canceled.



1                   Now, the problem is the doctrine -- see, this  
2 is the confusion. And this is what I was trying to clear  
3 up.

4                   If Mr. Armstrong had the state of mind that he  
5 would be attacked and so on, that is one thing. And,  
6 obviously, that has been presented in respect to the defense's  
7 case.

8                   The problem is if it were scriptural and  
9 doctrinal that that occur -- now, as I understood it, from  
10 the testimony in the defense's case, there was some kind of  
11 secret Fair Game thing which the Guardian's Office did. And  
12 it is not associated -- and that is really the point that  
13 is trying to be made, not associated with a policy letter  
14 that has since been canceled.

15                   THE COURT: Well --

16                   MR. FLYNN: Your Honor, if Mr. Harris will stipulate  
17 to that and Mr. Armstrong's state of mind, if he knew about  
18 the secret policy, then the effect is the same. If  
19 Mr. Harris is saying there is the policy for staff members  
20 who don't know about a secret policy, then I'll accept  
21 that.

22                   MR. HARRIS: I am not --

23                   THE COURT: The only point I was trying to get at was  
24 your evidence deals, as I understand it, up to 1979. If they  
25 are contending the policy wasn't changed until 1980, this  
26 doesn't rebut that.

27                   MR. HARRIS: No. I'm suggesting there is an earlier  
28 cancellation which is within -- which shows in the 1980

1 matter, Your Honor. And the only reason that one was chosen  
2 was because it was amongst the issues that were in  
3 Mr. Armstrong's original --

4 THE COURT: It is like parol evidence. It is rather  
5 ambiguous. And we'll have extrinsic evidence.

6 Proceed. You may call your witness.

7 MR. FLYNN: Call Mr. Walters, Your Honor.

8 MR. HARRIS: This is, I take it, going to  
9 Mr. Armstrong's --

10 THE COURT: It goes to whether in fact there was such  
11 a cancellation -- whether in fact there was such a policy.

12 As to whether or not there was any belief that  
13 Mr. Armstrong had was a reasonable belief, as I look at it,  
14 it is very similar to the doctrine of self-defense in an  
15 assault case. You have to have a reasonable and good faith  
16 belief. There are two aspects to it.

17 So proceed.

18 THE CLERK: Raise your right hand to be sworn,  
19 please.

20  
21 EDWARD WALTERS,  
22 called as a witness by the defense, having been duly sworn,  
23 testified as follows:

24 THE WITNESS: I do.

25 THE CLERK: Be seated in the witness stand.

26 THE COURT: We are going to limit the testimony to this  
27 issue. We are not going to get into all the things that  
28 Mr. Flynn talked about earlier today.

1 MR. FLYNN: I'll try to limit it, Your Honor.

2 THE CLERK: Please, state your name and spell your  
3 last name.

4 THE WITNESS: Edward Walters, W-a-l-t-e-r-s.

5  
6 DIRECT EXAMINATION

7 BY MR. FLYNN:

8 Q Where do you live, Mr. Walters?

9 A Las Vegas, Nevada.

10 Q Were you involved with the Church of Scientology  
11 for a period of years?

12 A Yes; from 1970 to 1979.

13 Q During those years did you become a Guardian's  
14 Office missionary?

15 A Yes. I was a field intelligence agent.

16 Q And over how many years were you a field  
17 intelligence agent?

18 A From 1971 -- I would say I worked undercover on  
19 the death of Quentin Hubbard -- that was the last thing I  
20 did.

21 But I would say I was an agent until the day I  
22 left. It is hard to tell, you know.

23 Q During that period of time did you participate  
24 in numerous meetings with Guardian Office personnel regarding  
25 intelligence activities?

26 A Yes.

27 Q Over those years how many such meetings would  
28 you estimate you participated in?

1           A        Counting very short ones, I would say a few  
2 hundred.

3           Q        Incidentally, like Mr. Spurlock, are you a  
4 Class VIII auditor?

5           A        Yes, I am.

6           Q        Who were some of the Guardian's Office personnel  
7 who participated in these meetings with you?

8           A        Susan Reed, who is in Las Vegas; she was AG,  
9 assistant Guardian.

10                    Madeline Reese, who was AG PRO. She was Guardian  
11 Public Relations.

12                    Chuck Reese, who was AGI, basically for  
13 intelligence.

14                    The man that recruited me on behalf of the  
15 Hubbards was Bruce Raymond.

16           Q        Who is Mr. Raymond?

17           A        Well, it is not that -- Bruce Raymond is a  
18 gentleman that I met in Scientology in 1971 who recruited  
19 me on behalf of the Hubbards to work on confidential  
20 intelligence projects.

21           Q        And was he a Guardian's Office B-1 operative?

22           A        Yes, he was.

23           Q        And who in addition to the ones you have  
24 mentioned did you participate in meetings with with Guardian's  
25 Office intelligence operatives?

26           A        I had quite a few with Audie Marin.

27           Q        Who is Mr. Marin?

28           A        He was the highest official probably at that

1 time in the United States in the Church of Scientology. As  
2 far as I understood his title, it was assistant Guardian PRO.

3 Q And how many meetings did you have with Mr. Marin?

4 A I would say 100.  
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1 Q And do you know whether at some point Mr. Marin  
2 served time in prison while he was in the Church of  
3 Scientology?

4 MR. LITT: Objection; what is the relevance of that?

5 THE COURT: Sustained.

6 Q BY MR. FLYNN: Who else did you meet with,  
7 Mr. Walters, in connection with Guardian office operations?

8 A That is all I can think of at the moment.

9 Q In connection with these meetings, did you  
10 have numerous discussions relative to the Fair Game Doctrine?

11 A Yes, very many.

12 Q And what in general was the nature of those  
13 discussions?

14 A Basically it was that we in the Guardian's  
15 office felt that in order to protect L. Ron Hubbard from  
16 the enemies, the policy was that the suppressive had crimes  
17 and were criminals, and that these criminals, whether  
18 they be in the Better Business Bureau or the doctors,  
19 lawyers — we had one or two operations against judges --  
20 local political officials, health officials in Las Vegas  
21 are things that should be destroyed. It was just a matter  
22 of the discussions I was involved in was how to do it.  
23 How severe it should be done. How serious the flap was.

24 A flap is something going on that is a possible  
25 danger, a legal danger to Scientology and the Hubbards.

26 Q And was there discussions relative to the  
27 fact that the Fair Game Doctrine as set forth in exhibit  
28 double R in this case was uniformly applied against enemies

i/2

1 throughout the years that you were involved?

2 A Yes it was standard. In fact, it was standard  
3 that if anybody asked us, we would show them the cancelation  
4 and the viewpoint of the Guardian's office was that the  
5 people on lines, the general people on lines weren't bright  
6 enough to see the difference between that we wouldn't label  
7 them suppressive or fair game, but any attack on the  
8 organization or the Hubbards we will apply the Fair Game  
9 Doctrine and we did.

10 Q And can you give the court just some  
11 indication on how many operations you personally went out on  
12 in connection with intelligence activities?

13 A The ones that I accepted would probably be  
14 10 that accepted.

15 Q And what was the nature of those operations?

16 A We bugged --

17 MR. HARRIS: It is now beyond the scope of what Your  
18 Honor said would be allowed.

19 THE COURT: I will sustain the objection. If the  
20 plaintiff wants to go into it on cross, they can. Otherwise  
21 it stands as the testimony of the witness.

22 Q BY MR. FLYNN: Well, were these operations  
23 that you directly participated in operations to destroy  
24 people?

25 A Yes, to destroy their reputation, to destroy  
26 their business. The concept, the GO tech is that if you  
27 destroy their reputation, they cannot show up in court to  
28 testify. In other words, if I planted dope on an individual,

3  
1 which I was asked to do, then you'd call the police and  
2 the police would arrest him. He would not longer be a  
3 credible witness to either go to a court or go to a lawyer.

4 Q Now, in connection with your Guardian's  
5 office activities, did the Hartwells at some point return  
6 from La Quinta after being with Mr. Hubbard?

7 MR. LITT: Now, we are getting into the specifics.  
8 I will object.

9 THE COURT: I am going to sustain the objection.

10 Q BY MR. FLYNN: Just one more question,  
11 Mr. Walters. In connection with the implementation of the  
12 Fair Game Doctrine, was it standard practice as part of the  
13 Fair Game Doctrine to cull PC files of both staff members  
14 and public?

15 A Yes. I did it and others did it on a routine  
16 basis.

17 Q Was that for the purpose of obtaining  
18 blackmailable information?

19 A Yes, to be sent to newspapers. I can give  
20 examples if you want, but it was to destroy the reputation  
21 so that they would not get help from lawyers or the courts.

22 MR. FLYNN: No further questions.

23 THE COURT: You may cross-examine, Mr. Litt.

24 MR. LITT: Your Honor, it is five to 4:00 and  
25 we would ask that since we did not expect this witness,  
26 that we adjourn these few minutes early and begin cross in  
27 the morning if that is agreeable with the court.

28 THE COURT: Well, he's only been on about five, ten



1 minutes and he comes from Las Vegas if we could wind it up  
2 this afternoon.

3 MR. LITT: I don't think we can do that without  
4 having an opportunity to do some investigation. I just  
5 don't feel, having not had any idea that he would testify,  
6 that I could make a determination as to even the reasonable  
7 scope of what should be inquired of. I realize he is here.  
8 He has been in and out, I understand, for the past several  
9 days and I think under the circumstances, that that is  
10 fair.

11 THE COURT: Well, I suppose it is fair, but it  
12 kind of a problem here.

13 You want to say something?

14 THE WITNESS: Yes. There is nothing I am going to  
15 say he has not heard before. They have done 10 to 20  
16 depositions on me.

17 MR. LITT: This is the first time I have seen the  
18 gentleman in my life except, I guess, he's been here the  
19 last few days. I am sorry.

20 THE COURT: Well, I guess I will have to order you back  
21 tomorrow.

22 MR. LITT: Thank you, Your Honor.

23 THE COURT: Take the recess at this time. I will  
24 make it 9:30 tomorrow morning.

25 (The proceedings were adjourned until  
26 Wednesday, May 30, 1984 at 9:30 a.m.)  
27  
28